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5 July 1983

CHINA REPORT ECONOMIC AFFAIRS

No. 360

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NATIONAL POLICY AND ISSUES

NPC DEPUTIES DISCUSS ECONOMIC REFORM

OW170321 Beijing XINHUA Domestic Service in Chinese 1640 GMT 13 Jun 83

[Excerpts] Beijing, 13 Jun (XINHUA)--Following are excerpts of speeches of some NPC deputies at group discussions.

Follow the Correct Direction in Making Reforms

Hunan deputy Liu Zhengyi (Hunan Provincial governor) said: The following points deserve attention if we are to speed up reforms in the economic system:

1. Reform should be carried out in all fields of work to revitalize the economy. Hunan peasants doubled their income in the 4 years following the 3d Plenary Session of the 11th CPC Central Committee. Taking into consideration the price factor, there was still a 20-yuan increase in their annual per capita net income. The increase was 10 times the average annual growth from 1959 to 1978. This tremendous change was primarily the result of the earnest efforts made to eliminate the "left" influence and implement the guidelines of the 3d Plenary Session of the 11th CPC Central Committee; it fundamentally remedied the deficiencies in the original agricultural system hampering the development of productive forces. Agriculture was thus enlivened. These achievements were made despite the fact that our provincial CPC committee was fairly slow in emancipating its mind. It shows that we can achieve greater results if we resolutely implement the central authorities' guidelines in making reforms. Now many other more complicated and long-standing shortcomings still exist in industry, commerce and other economic sectors as compared with those in agriculture. For instance, the party committees still perform the functions of government and management; regions and departments at various levels dispute each other over trifles, urban and rural areas are separated from each other, channels of circulation are clogged, measures for meting out rewards and punishments are not clearly spelled out, things are done capriciously, constitution projects are carried out without authorization or duplicate each other and economic results are pour.

2. To ensure success in reform, it is necessary to take the overall situation into consideration and follow a correct direction. As Premier Zhao said in his government work report, we should never regard reform simply as the decentralization of power and interest, but should clearly understand that all reforms are aimed at achieving better economic results for society and increasing

the state's financial revenues. If reform is met with resistance, it is because the above correct ideas have yet to be translated into the conscious actions of all leaders, cadres, staff and workers. This is an important matter. For instance, to correct egalitarianism is important. However, to achieve this, some units fail to faithfully apply the principle of "from each according to his ability, to each according to his work." Instead, they vigorously practice departmentalism, even to the extent of replacing the socialist principle of distribution with giving fringe benefits. As a result, egalitarianism is shielded by departmentalism. While the ills of the "big rice pot" remain, other evil practices have been reported, such as infringing on state interests to seek private gains, finding ways of indiscriminately paying out bonuses and passing burdens on to others and so on.

3. Economic structural reform is an integrated task. The reforms in all fields should be focused on bringing better economic results to the whole society and should be carried out in a well-guided, planned, synchronous and coordinated manner.

4. The key to revitalizing the economy lies in reforming the system of appointing personnel so that capable people are selected to suitable jobs.

Reforms Should Be Synchronized

Heilongjiang Deputy Chen Lei (Heilongjiang Provincial governor) said: Reform should pick up speed, but it should also be done correctly and satisfactorily. It should be carried out firmly but not with undue haste. On the whole, the situation is fine for making reforms. But I feel that the major problem lies in the somewhat confused economic order resulting from the lack of synchronization and coordination in carrying out reforms in the various fields of work. The major manifestations of this are: The policies in the financial, commercial and planning fields do not mesh with one another, microscopic economic reform does not match macroscopic structural reform, and the actions of the various departments of the state are not properly coordinated. Therefore, there should be overall planning and all-round consideration in reforms, and the various economic relationships should be taken into account in order to carry out reforms in a synchronous manner.

The purpose of reform is to speed up economic construction and achieve better economic results. To this end it is necessary to properly handle the relationships among the state, local authorities, enterprises and individuals and pay equal attention to the interests of all of them. In recent years enterprises have begun to show vitality thanks to the greater autonomy they enjoy. The workers' enthusiasm has also been aroused. This deserves our attention. We should not revert to the old practice of exercising rigid control over enterprises as soon as we encounter problems in the experiment of giving enterprises greater autonomy. Important economic activities that have a bearing on the overall situation should be centralized. Weakening the efforts to achieve necessary centralization is not a step forward. The extent of centralization should be dictated by the needs of the "four modernizations." Meanwhile, the people's interest and enthusiasm should be promoted.

Management Should Be Strengthened in the Course of Commercial Reform

Ningxia Deputy Hong Meixiang (director of the Nanguan retail department of the Yinchuan city sugar, tobacco and wine company) said: As production develops, commerce will naturally become more prosperous. Now we have more channels of circulation, but we lack concrete measures in management. In order to make greater profits some retail shops engage in wholesale business, thereby overstepping their bounds. Some of them resort to shortweighing, encroach upon the consumers' interests and neglect and quality of their service. These problems deserve our attention.

Restructure the Scientific System and Readjust the Personnel and Structures of Scientific Research Units

Cuizhou deputies Tu Guangzhi (director of the Guiyang Institute of Geophysics and Chemistry) and Liu Dongsheng (member of the secretariat of the China Scientific and Technological Association) said: We must rely on science to revitalize the economy. The measures for developing science and technology put forth in Premier Zhao's report are correct and important. We propose that: 1) the scientific system be restructured. Through reforms, we should be able to make all-round arrangements to facilitate the unified management and reasonable use of scientists and technicians; 2) the personnel and structures of scientific research units be readjusted. There should be more professionals than administrators in these units. The present situation is just the opposite. If this situation remains unchanged, the quality of scientific research as well as the research outcome will surely be affected; 3) the exchange and renewal of knowledge be given due attention.

Economic Revitalization Should be Based on Scientific and Technological Advancement

Gansu Deputy Yang Chengzhong (deputy director of the Lanzhou branch of the Chinese Academy of Sciences) said: Premier Zhao said in his government work report that unified management and reasonable use of scientists and technicians are areas where urgent solutions are needed. I fully agree with him. Now our army of cadres in scientific research are faced with problems that need urgent solution: 1) scientists and technicians are growing old, which is a serious problem. Due to the freeze on hiring personnel, new people cannot be recruited. Soon we will run short of successors. 2) Academic thinking has become rigid. 3) Many scientific research personnel, especially medium-ranking ones who make up a sizeable proportion, have not been properly used. They are actually restricting one another in their work.

Pay Attention to the Economic Benefit of Construction Projects to Society

Jilin Deputy Liu Shulin (Jilin provincial vice governor) said: With regard to investments in fixed assets, many comrades only notice the benefit of construction projects to the economy, overlooking and neglecting the fact that the major benefit of construction projects should be the economic benefit to society. The time required now to build a project is almost double that of the First 5-Year Plan period. The departments concerned have estimated that if the construction time of projects of the present scale is shortened by 1 year, the

state will gain an extra 5 billion yuan in terms of taxes and profits alone. Many of the projects now under construction are backward in their technology and in the products that are to be manufactured; their economic results will certainly be poor when they are put into operation. Therefore, I wonder if it is proper to make reforms on some aspects that do not affect the overall situation if, for the time being, we cannot yet reform planning and management.

CSO: 4006/604

NATIONAL POLICY AND ISSUES

SHIJIE JINGJI DAOBAO COMMENTS ON NATIONAL REFORM

HK130323 Shanghai SHIJIE JINGJI DAOBAO in Chinese 2 May 83 p 2

[Commentary: "A Good Beginning in the All-Round Reform"]

[Text] At a time when we are celebrating the 1 May International Labor Day, we feel an upsurge of emotion and are filled with enthusiasm in reviewing the rapid and smooth progress of reform in our country since the beginning of this year. In recent months, the scope of reform has been expanded markedly and its effect has played an increasingly greater role in promoting economic and cultural construction throughout the country. By analyzing the numerous situations on all fronts in various localities we can draw this conclusion: The all-round reform started this year has initiated a new beginning and the prospects for the all-round reform are encouraging.

The major reform conducted throughout the country in the past few months consists of the following:

The substitution of taxes for the delivery of profits: Starting from this year, state enterprises institute the system of substituting taxes for the delivery of profits in an all-round way. This constitutes a major reform which will fundamentally change the practice of "everybody eating from the same big pot" and the relations of distribution between the state and enterprises which have been going on for more than 30 years. It will enable enterprises to attain unflagging vitality and become relatively independent economic entities with decision-making power.

The contract system: Retail and service trade have instituted, by stages and in groups, an economic system centering on contracted responsibilities. Small industrial enterprises also have begun to institute the contract system. The system of contracted responsibilities initiated in the rural areas has likewise greatly aroused people's initiative for labor when it is introduced in cities.

Circulation of commodities: The practice of multichannelled circulation between town and country permits both the collectives and individuals to engage in long distance transport of goods for sale. Since the 1950's, the state has consistently practiced state monopoly for the purchase and marketing of grain. This policy has been reformed now. After fulfilling state quotas, the rural

supply and marketing cooperatives, other collective commercial undertakings, and individuals may deal in grain or transport grain for sale. In the circulation of industrial goods, the longstanding methods of distribution, such as the allocation and transfer of goods from one level to another, has been reformed into one which allows replenishment of goods from other areas or levels.

Quicken the pace of utilizing foreign funds: With respect to Chinese-foreign joint enterprises, the state has decided to further relax the policies regarding taxes, marketing, and prices and to ensure normal business conditions for joint enterprises in order to encourage people from industrial, commercial, and financial circles abroad to invest in China.

Expand the decision-making power of Shanghai in foreign economic relations and trade: The State Council has decided to expand the decision-making power of Shanghai in utilizing foreign funds, importing technology, conducting foreign trade, and exporting labor in order to bring into full play the role of Shanghai, a famous big city in the world. This decision is of far-reaching significance in that it represents a major breakthrough since the implementation of the policy of opening to the outside world and it constitutes an important policy decision in restructuring the economic system of the country.

Establish the economic zone: Planning has been started on the establishment of the Shanghai economic zone spanning both province and city, and the State Council has set up two corresponding offices responsible for the planning. This is a creative experiment in the structural reform. By coordinating departments and regions at different levels through key cities and industrial bases, we can form a rational economic zone and network.

Reorganize the provincial and municipal leading bodies: Following the reorganization of the leading bodies at the central level last year, the reorganization of the leading bodies of 29 provinces, municipalities, and autonomous regions had been completed by mid-April this year. A large number of people who are in the prime of life and are provided with modern scientific and cultural knowledge have joined the new leading bodies. Institutional reorganization below the provincial, municipal, and autonomous regional level is also being vigorously carried out.

Salaries and wages: The contract system will be adopted in the future recruitment of workers and the floating wage system will also be implemented on a large scale. The long-standing practice of "departmental ownership," which hampered intellectuals in giving scope to their role, has started to be discarded. In many localities and units, various forms of the system of circulation of able persons have been adopted.

The reform of scientific, technological, educational, and cultural undertakings is being carried out under leadership and in an orderly way in the light of their different characteristics.

The above-mentioned major reforms have taken place only in the past few months. The reform is comprehensive, systematic, and profound; it involves both microscopic and macroscopic reform; and it is a reform of the economic management

system and the superstructure. It would have been unimaginable to have taken such a big step in reform a few years ago. It is both the continuation and the inevitable development of the various reforms carried out several years ago and is the continuation and inevitable development of setting things right and of various major policy decisions laid down since the 3d Plenary Session of the 11th CPC Central Committee. It is the result of continuously eliminating the adverse influence of "leftist" ideology and of boldly smashing the fetters of harmful patterns. The numerous major reforms carried out in the past few months have been unprecedented both at home and abroad. They have the great significance of blazing new trails and will finally result in creating socialism with Chinese characteristics.

Carrying out such a comprehensive and pioneering reform in such a great country as China is extremely complicated and arduous. It is bound to become the focus of world attention. The facts over the past few months show that our reform is developing according to the fixed steps. Like the rural reform in the past few years which has greatly promoted agricultural production, the all-round reform this year is promoting economic and cultural construction throughout the country. Industrial production in [the] first 4 months of this year went up and plans were fulfilled satisfactorily. The market has continuously maintained a prosperity rarely seen since the founding of the PRC, commodity price is basically stable, political and social order throughout the country are fine, and the people's livelihood has improved to some extent. All these reflect that the reform is the common aspiration of the 1 billion people and that it conforms to the law governing historical development. They also reflect that the Chinese leaders have a well thought out plan for the reform and have successfully guided its progress. Naturally, this attracts more worldwide attention. At present, the gate to the all-round reform has been opened and initial victories have been attained. With an indomitable spirit, the reformers are hacking their way through difficulties and are advancing from victory to victory.

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NATIONAL POLICY AND ISSUES

LIAONING GOVERNOR VIEWS INDUSTRIAL REFORM

OW181843 Beijing XINHUA Domestic Service in Chinese 1304 GMT 15 Jun 83

[Excerpts] Beijing, 15 Jun (XINHUA)--Quan Shuren, a deputy to the Sixth NPC and governor of Liaoning Province, spoke at a group discussion. He said that old industrial bases should pay attention to technical transformation, improve economic results and regain strength in order to make more contributions to the country.

He said: Most of the industrial enterprises in Liaoning were built during the First 5-Year Plan period. The industrial fixed assets were originally valued at 45 billion yuan. Many large enterprises urgently need to renew their equipment.

In order to solve this problem, Quan Shuren put forward the following opinion:

1. It is necessary to break the bounds between state enterprises and local enterprises, between various departments and between various administrative divisions; transform enterprises step by step in a planned way and in the order of their importance and urgency; and avoid blind transformation.
2. It is necessary to explore multiple ways to undertake technical transformation.
3. It is necessary to formulate policies that enable enterprises to benefit in the course of technical transformation, in order to arouse their enthusiasm for technical transformation.
4. It is necessary to strive to open up new sources of funds for technical transformation.
5. It is necessary to organize existing technical forces. There are more than 400,000 scientists and technicians of various specialties in Liaoning Province, but their distribution is very irrational, as some organizations have a large surplus of specialized personnel while others have a critical shortage of them. They may be organized according to their specialties or professions or for certain projects. Organizing them will help accelerate technical transformation and achieve good results.

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NATIONAL POLICY AND ISSUES

GONGREN RIBAO ANSWERS QUESTIONS ON REFORM

HK180500 Beijing GONGREN RIBAO in Chinese 16 May 83 pp 1, 3

["Further Answers to Readers' Questions About Reforms"--passages within slant-lines published in boldface]

[Text] /Editor's note: This paper wrote an article entitled "Answers to Questions About Reforms" on 1 February this year. At present, gratifying advances have been made in the reforms in all fields in China. The momentum of reform is fine. There have emerged some new developments and new problems in our reforms. Now we are going to discuss the questions (mainly in the reform of the economic system) raised by our readers./ [End editor's note]

/Question: What is the nature of the various reforms which are now under way and are to be continued?/

Answer: The various reforms which we are now carrying out and which we want to continue to carry out constitute a protracted historical process of the self-transformation and self-perfection of the socialist system. The aim of the reforms is to consolidate and develop the socialist system and to bring its superiority more fully into play. Reforms are carried out under the leadership of the CPC and the guidance of Marxism-Leninism-Mao Zedong Thought, by the reliance on the conscious practice of hundreds of millions of people, and on the strength of the socialist system itself. Reforms must run through the whole process of the socialist modernization program as a whole. The various reforms which we are gradually carrying out at present are aimed at emphatically overcoming the various malpractices and drawbacks still existing in the management system of all fields of endeavor and concentrating our strength and energy for a period of time on the institution and perfection of the new management system. With the establishment of the new system and with the development of the productive forces, reforms in various links of the management system still must constantly be conducted. It must be stressed that reforms must be perfected step-by-step and in an orderly manner, rather than relying on doing a crash job of finishing reforms in a brief space of time and on launching political movements. With reforms, we want to change all concrete institutions, management systems, and managerial methods in all quarters, which are detrimental to the development of the productive forces and the perfection of the socialist fundamental system. Of course, our reforms must not be detrimental to, let alone do harm to, the consolidation and perfection of the socialist fundamental system.

The basic guiding principle of reforms is what Comrade Deng Xiaoping said in his opening speech to the 12th CPC National Congress, that is "We must integrate the universal truth of Marxism with the concrete realities of China, blaze a path of our own, and build socialism with Chinese characteristics." Our reforms must tally with both the basic orientation of the theory of scientific socialism and China's national condition. We must take a very cautious, serious, and earnest attitude toward the questions concerning theoretical principles and fundamental orientation.

/Question: What is the relationship between construction reforms?/

Answer: Since the 3d Plenary Session of the 11th CPC Central Committee, the focus of all work of our party and government has been shifted to the socialist modernization program with economic construction as the center. During the entire historical stage of socialism, it is the central task of the people throughout the country to carry out the four modernizations and develop the social productive forces. The reforms centering around this central task are designated to build socialism with Chinese characteristics and restructure the parts and links of the relations of production and of the superstructure which are not commensurate with the development of the productive forces and of the economic base.

If we do not restructure and change the parts and links of the relations of production which are not suited to the productive forces, nor change the parts and links of the superstructure which are incongruous with the development of the economic base, nor overcome the present drawbacks existing in the various concrete management rules and regulations, the social productive forces will hardly develop at a rapid pace and the four modernizations program will get nowhere. However, we must also see that as far as the relationship between construction and reforms is concerned, construction is primary and the aim; reforms are secondary and the means, and an indispensable condition for developing the social productive forces and realizing the four modernizations. In other words, to develop the productive forces is from beginning to end the central task of socialist society. The change in the relations of production must be suited to the level of development of the productive forces and beneficial to the promotion of the development of production. The key to reforms is to find out the concrete forms of the relations of production which conform with the level of the productive forces at the present stage and the requirements for their development.

/Question: What is the relationship between the strategic plans and principles of China's economic construction and reforms?/

Answer: In light of China's national condition, the 12th CPC National Congress and the 4th and 5th sessions of the 5th NPC have formulated the strategic objective, priorities, and steps of our economic construction as well as a series of correct principles in a spirit of realism. Their main points are as follows:

1. The general objective of China's economic construction for the two decades between 1981 and the end of this century is, while steadily working for more

and better economic results, to quadruple the gross annual value of industrial and agricultural production. What is most important in our effort to realize this objective in economic growth is to properly solve the problems of agriculture, energy and transport, and education and science. They constitute the strategic priorities at present and for a certain period of time in the future. To realize the objective of the struggle to the end of this century, we must take the following two steps in our strategic planning: In the first decade, aim mainly at laying a solid foundation, accumulating strength, and creating the necessary conditions; and in the second, usher in a new period of vigorous economic development.

Why must we take two steps in realizing the coming strategic objective? Why do we need a period of accumulating strength and laying a solid foundation? This is because the serious damage done in the 10 years of internal disorder has caused serious disproportions in all sectors of the national economy. This state of affairs cannot be changed if they are not readjusted and reorganized for a considerably long time. Such infrastructures as energy and transport, which are still very weak at present, have become a major obstacle to the development of the national economy. If they are not constructed and transformed through many years of effort, they can hardly meet the needs of development of the national economy. Meanwhile, the operation and management of quite a few enterprises are in confusion, their production techniques are backward, the cultural level of their workers is low, and there is a serious lack of skilled workers, scientific and technical qualified personnel, and managerial qualified personnel. To put an end to this state of affairs, protracted and arduous efforts are still needed. If we do not work hard for a quite long time and do not use a fixed amount of time in emphatically training qualified personnel, we will lack a solid foundation and necessary conditions for ushering in the overall upsurge of the national economy in the next decade. Therefore, taking two steps in the construction of the coming two decades is an entirely correct policy decision made in light of the actual realities in China. It is a policy decision which should be made only in this way.

2. In order to lay a solid foundation, in a certain period of time in the future, we must continue to comprehensively implement the principle of readjustment, restructuring, reorganization, and upgrading which is more extensive in scope and more profound in significance, and handle the relationships between different sectors of the national economy in good order; we must concentrate strength on key development projects, conscientiously do a good job in the technical transformation of the existing enterprises and, in particular, the backbone enterprises, and further raise the scientific and technological level of socialist production.

3. We must shift the whole economic work onto the path which gives priority to the attainment of better economic results. In accordance with the experience in the construction since the founding of the PRC, economic work must take the attainment of better economic results as the center, and on this premise, it must strive for real speed of development which can be attained so long as efforts are exerted. This will ensure that the national economy can grow in a sustained and steady way, state revenue can constantly increase, and the people will have more material benefits.

Our reforms must tally with and push forward, rather than go against, the implementation of the aforesaid strategic plans and correct principles. Any reform that runs counter to and hinders the implementation of these strategic plans and correct principles and policies is not in the interest of the state and the people and should, therefore, be resolutely corrected.

/Question: What is the relationship between the continued implementation of the principle of readjustment, restructuring, reorganization, and upgrading and reforms?/

Answer: Since the implementation in 1979 of the principle of readjusting the national economy, significant improvement have been made in the serious disproportions between agriculture and industry and between light industry and heavy industry, and the proportionate relationship between accumulation and consumption is becoming coordinated. However, the trade structure, the line-up of enterprises, and the product mix and technological makeup of the internal sectors of agriculture and of the light and heavy industries have not yet become completely rational and they must be continuously readjusted in accordance with the principle of suiting social needs and raising economic results so as to help them gradually become rational. This will ensure a more harmonious and healthier development of the national economy as a whole.

In the last few years, we have done a lot of work in the consolidation, reorganization, and integration of enterprises and have made some achievements. However, this is far from fundamentally solving the problems. The groundwork of many enterprises is still poor and their operational and management skills are still low. To further consolidate and reorganize the existing enterprises in an overall manner is a fundamental measure to tap potential and to attain better economic results.

Over the last few years. In light of the economic readjustment, many quite effective reforms have also been carried out in the different sectors of the national economy. This has played a conspicuous role in arousing the enthusiasm of all sides and quarters concerned and in activating the economy. Practice has shown that readjustment and reorganization work must be carried hand in hand with reforms and only when the two are integrated can a significant increase in the economic results of the whole production, construction, and circulation fields be effected.

The results gained in economic readjustment and reorganization have provided conditions for expediting the reforms in the future and also have projected the necessity of speeding up reforms. We must quicken the tempo of reform. We must further, through reforms, do a good job in readjustment and reorganization work. Only when readjustment and reorganization work is continuously done well can better conditions for the smooth carrying out of reforms be created.

/Question: Which key problems should be emphatically solved in the present economic construction? What is the relationship between them and reforms?/

Answer: In order to maintain the stability and sustained development of the overall economic situation and to realize the magnificent strategic goal of economic construction, at present and even in throughout the 1980's, efforts should be made to solve the following four key questions:

1. We must resolutely control the general scope of capital construction so that it may conform to the national strength. This is the prerequisite for maintaining steady economic growth. The present unplanned and blind expansion of the scope of capital construction has made it impossible for the state to use the limited funds where they are needed most and has seriously upset the overall balance of the national economy. If this state of affairs is allowed to develop unchecked, the results gained in the readjustment over the last few years may be irrevocably lost, there are bound to be new, abrupt dismantlings which will waste time, and the realization of the magnificent objective of quadrupling output value will be interfered with.

2. We must further concentrate strength on the key construction projects of the two weak links--energy and transport. This is the important condition for revitalizing the economy as a whole and in striving for new vigorous economic development in the 1990's. We must resolutely curtail the scope of construction of the ordinary processing industries, which do not tally with social needs, consume excessively huge amounts of energy, and are redundantly constructed, and further concentrate financial and material resources on key development projects. This is where the fundamental interests of the state and the people lie.

3. We must accelerate the technical transformation of the existing enterprises and, in particular, the backbone enterprises, and promote the technological progress of social production.

4. We must rationally distribute the national income on the basis of better economic results and developed production and properly increase accumulation while gradually improving the standards of living of the people. We must put the increase of consumption funds under strict control and ensure that the increase in consumption funds corresponds to the development of social productive forces. This is also an important condition for guaranteeing steady economic growth.

In order to solve the above-mentioned key questions in economic construction, we have to conscientiously carry out the reform of the economic system. In the course of reform, efforts should be made to put an end to the situation in which state financial resources are being used in a seriously decentralized way and the funds for key development projects are hardly ensured, and to increase state revenue, in particular, the financial revenue of the central authorities. Comrade Chen Yun said: "To march forward from a backward and poor economic basis, it is imperative to concentrate material and financial resources and put them to unified use as far as possible." "Provided that we concentrate strength where it is needed most, we can completely accomplish several important things. We must, through a rational distribution of the national economy, try hard to bring about relatively high increases in state revenue, and in particular, in the financial revenue of the central authorities year after year, and overcome and reduce the blindness in the construction carried out by some localities and enterprises, so that the state can concentrate appropriate funds on key development projects to achieve the proportional and steady development of the national economy. This corresponds to the fundamental and long-term interests of the people throughout the nation.

Reforms must be conducive to the solution of the aforesaid several key questions. Reforms must set the interests of the state and the people above everything else so as to ensure the fulfillment of the state plan and must presuppose the increase of state revenue and the improvement of economic results of the whole society. Some alleged reforms which vice with the state for profits and fail to ensure that the state gets the lion's share of profits in distributing surplus profits and which reduce product quality, raise the prices of products at will, and shift the burden to the consumers are not commensurate with the guiding principles and basic requirements of the CPC Central Committee concerning reform.

/Question: How do we understand the principles and arrangements of the CPC Central Committee for guiding reform in an overall manner?/

Answer: The principles of the CPC Central Committee for guiding reform are to institute properly guided reforms step-by-step and in an all-round, systematic, resolute, and orderly way.

We must try to acquire a comprehensive understanding of the substance of the principles. Because of long-standing historical reasons and, in particular, the sabotage done during the decade-long internal disorder, in the previous systems of all our endeavors there were drawbacks calling for reform. Therefore, if the reforms are not conducted in an overall and systematic way and the various reform measures are not in congruity, they will get nowhere. Conducting the reforms in an overall and systematic way is a necessary and extremely arduous task. If we are not resolute in approaching the reforms, they will come to nothing, and if we institute the reforms in an unsystematic way, they will possibly lead to confusion and fail to achieve the desired result. Therefore, reforms must be conducted in a properly guided and steady way.

This principle for guiding reform requires us to have a full understanding of the necessity and urgency of reform on the one hand, and of its arduousness and complexity on the other hand.

This guiding principle demands that in conducting reforms, we must not be over-anxious for quick results and attempt to accomplish them at one stroke. We must institute reforms in an active, reliable, and thoroughgoing way and avoid backtracking. This guiding principle also demands that reforms should be introduced by relying on the masses rather than relying on an impulse of the mass movement and that they should be carried out in a down-to-earth and steady way and not in a way of rushing headlong into mass action in an unplanned way and of acting on impulse in a terrific din. Reforms must be introduced in ways suited to local conditions and no uniformity should be imposed in this respect. All reforms which call for experiments or which can be tried in selective units must be first introduced in some selected and representational units before being popularized in a gradual way. In the process of carrying out the reforms on a trial basis, the practice of showing artificial partiality to the units involved in the experiment is detrimental to the popularization of the experience gained in the reforms and is thus devoid of vitality.

The reform of the economic system is an important measure to bring into full play and rationally organize the initiative of all sides concerned and push

forward the vigorous development of the national economy along the socialist road. The main contents of the present reform of the economic system include the gradual introduction of substituting taxes for profit delivery among state-owned enterprises and the improvement of the relationship between the state and the enterprise. This is a major reform in the distribution relationship between the state and the enterprise and also an important measure to ensure state revenue and to give full play to the internal vitality of enterprises; a measure to establish different kinds of economic centers and economic networks by relying on key cities and to solve the contradictions between departments and regions at different levels; and a measure to reform the commercial circulation system and to promote commodity production and commodity exchange.

In the course of reforming the economic system, we must, while the socialist state-owned economy under the system of ownership by the whole people holds a dominant position, develop the cooperative economy under the collective ownership system and the individual economy of working people so that various economic forms and operational modes can be rationally arranged and can promote each other; we must uphold the principle of assigning the leading role to planned economy and the supplementary role to regulation by market mechanism and initiate the three forms of mandatory planning, guidance planning, and regulation by market mechanism in the management of economic activities; and we must pay equal attention to the correct use of administrative means and the better use of economic levers.

/Question: In the course of reforming the present distribution system, what problems should be paid attention to?/

Answer: "From each according to his ability, to each according to his work" is the basic socialist economic system. Through reform, we aim at smashing the "same big pot," overcoming egalitarianism, really embodying the principle of distribution according to work, and correcting the irrational phenomenon in which one section of people seizes and owns the labor of the other section of people without compensation. These are the important measure to bring the enthusiasm of the working people into full play. We must continue this reform in a firm and unshakable way.

At present two problems in this reform call for particular attention:

1. Because of the irrational pricing system and economic system, the irrational bases set while implementing various forms of the economic responsibility system or while practicing such methods as linking profits to performance and sharing profits under a contract system or because of other reasons, some formerly quite backward enterprises and their staff and workers got large amounts of material benefits all at once, far surpassing what the advanced enterprises and their staff and workers had earned. The bonuses of the staff and workers of backward enterprises were doubly and even many times higher than their basic wages, significantly exceeding the remuneration which they were entitled to get in relation to the quantity and quality of the labor they contributed. This state of affairs can seriously dampen the enthusiasm of the advanced enterprises and their staff and workers rather than encouraging the industrious and urging the indolent and violate, and sabotage the principle of distribution according to work in certain aspects, and is thus harmful to the development of production. In initiating the reform of the distribution system, efforts should be made to

give consideration to the interests of the state, the enterprise, and the individual and make reform play the role of promoting the advanced enterprises and individuals to make better progress and of bringing pressure to bear on and spurring the backward enterprises and "lazy people" to try hard to catch up.

2. While stressing material interests, we still must pay attention to the integration of material encouragement and spiritual encouragement, encourage communist ideas, communist work style, and the communist attitude toward labor, and prevent such ideas as "doing everything for the sake of money" and "putting profit-making first" from emerging and spreading unchecked.

/Question: How does reform give consideration to the interests of the state, the enterprise, and the individual?/

Answer: The reforms over the last few years have put an end to the phenomena in which the enterprises had for a long time depended on the state for support, eating "from the same big pot," brought more vitality and an inner dynamic force to the enterprises, and aroused their enthusiasm. According to statistics, during the 5 years from 1978 to 1982, the total profit left by the state to enterprises was more than approximately 42 billion yuan. This has changed the previous erroneous practice of draining the pond to get all fish, a practice imposed on enterprises in the past, expanded the decisionmaking power of enterprises, and brought the staff and worker individuals more material benefits. Being correct, this practice is thus welcomed by the enterprises and by the broad numbers of staff and workers. However, some people have drawn an erroneous conclusion from this and have one-sidedly believed that the motive force of an enterprise lies in the attainment of more profits and in the practice of letting the collective and the individual have more earnings. In order to attain the goal of earning more, some people seized state revenue by illegal means and thus infringed upon the interests of the masses of people, rather than increasing profits by means of improving operation and management and raising economic results; and others yielded, rather than taking the increase of production as the way to boost bonuses and material benefits of the workers, to the thoughts and feelings of some backward workers and increased without setting limits the material benefits of the workers so that the growth rate of the wages and bonuses of the workers outstripped the rate of increase in labor productivity. This one-sided view of the enterprise dynamic force which pays exclusive attention to the interests of the individual will certainly hinder, if it lasts a long time, the improvement of labor productivity, affect state revenue, interfere with production, and construction, and is eventually bound to influence the incomes of the enterprises and the staff and worker individuals.

While introducing reforms, we must adhere to the integration of responsibility, authority, and benefit and correctly handle the interests of the state, the enterprise, and the individual. In distributing the newly increased income of enterprises, we should uphold the principle that the state should get the largest portion of profits, the enterprise the medium portion, and the individual the smallest portion. In conducting reforms, we must gradually improve the standards of living of the staff and workers on the basis of developed production and boosted income. The scope of increases in wages and bonuses must not be higher than the range of increases in labor productivity; in the profit growth rate,

and in the profits and taxes delivered on an average by every staff member or worker to the state. Reforms demand that the enterprises foster an overall point of view, put the interests of the state and long-term interests above everything else; that when the interests of the state on the one hand and the enterprise and the individual on the other hand contradict each other, they should put the interests of the state first; and that the interests of the enterprise and the individual should be subordinated to the interests of the state and the whole.

Reforms have given a dynamic force to the enterprises and at the same time brought pressure on them and have combined the two to urge the enterprises to set high requirements and strict demands on themselves, to constantly strengthen the scientific operation and management, raise the technical level, and boost the incomes of the enterprises and individuals on the premise of ensuring the development of production and of making more contributions to the state. It is quite detrimental to the progress of the enterprises not to bring pressure on the enterprises and let them easily reap large amounts of material benefits.

/Question: Are the experiences in the reforms in the countryside and in agriculture suitable for the reforms in the cities and in the industrial and commercial enterprises?/

Answer: Over the last few years, the implementation of the various forms of the production system with the method of contracted responsibilities with payment linked to output as the principal form has overcome egalitarianism and smashed the system of everybody eating "from the same big pot," thus playing an important role in mobilizing the initiative of the peasants and changing the backward features of the countryside. The basic experience in rural reforms are also applicable for the cities and industrial and commercial enterprises. This must be affirmed.

However, the cities and industrial and commercial enterprises are different from the countryside and agriculture in many ways. Therefore, the experiences in the rural and agricultural reforms must not be indiscriminately copied and applied in the cities and to the industrial and commercial enterprises.

In a speech delivered by Comrade Li Ruihuai, mayor of Tianjin Municipality, at the 10th Tianjin Municipal People's Congress, he cited eight items showing the difference between the reforms conducted in the cities and in industrial and commercial enterprises and those in the countryside. These eight items merit our reference. They are: 1) the fact that urban dwellers are considerably dependent on society determines that urban reforms should be conducted in a more meticulous and well-conceived manner and that the pursuit of the interests of the units where reform is being carried out must by no means interfere with the normal life of the cities or infringe upon the interests of the masses of people; 2) the high level of specialization and coordination in production of the cities determines that the reforms in various departments must be closely coordinated and dovetailed; 3) the cities are economic centers. While initiating reforms, we must have an overall point of view and strive to prevent the problems arising in some units from disturbing the economic order throughout the country; 4) the accumulation contributed by the cities has a decisive

impact on state revenue and every step in the urban reforms must ensure that the state should receive the lion's share of profits; 5) there is a vast difference between the level of productive forces and the relations of production of the different trades and different enterprises in the cities. This complexity determines that urban reforms should take several forms; 6) urban reforms and, in particular, the reform of industry are considerably restricted by the existing systems and policies of the state, and while introducing reforms, attention should be paid to the harmonious development of several important aspects of endeavor; 7) although there are all sorts of drawbacks in the existing economic management system of the cities, a set of relevant organizational structure, habits and customs, and concept of value have taken shape, and to put an end to this old order, we must deepen people's understanding and change their habits; and 8) due to historical reasons, we are quite familiar with the countryside and agriculture and, relatively speaking, we have a poor understanding of the cities and industrial and commercial enterprises. This determines that reforms in the cities and industrial and commercial enterprises are to be instituted step-by-step and tried out on the basis of exploration. Aside from the aforesaid eight items, it still must be noted that the relationship between the state on the one hand and the cities and industrial and commercial enterprises on the other hand, and the relationship between the state on the one hand and the countryside and agriculture on the other hand, are also different. The rural economy is an economy under the collective ownership system. Reforms in the rural economy are mainly designated to settle the relationship between the collective and the individual within the collective ownership system. The industrial and commercial enterprises in the cities are chiefly under the system of ownership by the whole people. More than 90 percent of state revenue comes mainly from the enterprises under the system of ownership by the whole people. The reform of industrial and commercial enterprises in the cities is of vital importance to the increase or decrease in state revenue. Therefore, no efforts should be made to indiscriminately apply the rural contract methods to the reforms in the cities and industrial and commercial enterprises and particular attention should be paid to handle the interests of the state, the enterprise, and the individual in a satisfactory way.

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NATIONAL POLICY AND ISSUES

ADVANTAGES OF TAX PAYMENT OVER PROFIT DELIVERY CITED

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[Article by Gong Xuelin [7895 7185 2651] Economics Department Research Institute, Shanghai Academy of Social Sciences: "Substitution of Tax Payment for Profit Delivery Is the Direction of Reform"]

[Text] "Without reform there can be no realization of the four modernizations." At the present time, steps toward reform by all trades and professions in the country are being taken in a resolute and orderly fashion in accordance with Central Committee's plans. The substitution of tax payment for profit delivery will be a major task during the next 3 years in the reform of the financial and tax aspects of the economic system. Departments concerned are now in the process of making preparations for it. Since the substitution of tax payment for profit delivery is a new system that quite a few comrades do not yet understand very well, there is a saying going around to the effect that "tax payment as a substitute for profit delivery is another version of profit retention. The change of a portion of profits to be paid the state to income taxes while correspondingly increasing the profits retention rate at the same time is nothing more than 'the same stuff in a different package.'" In reality, the substitution of tax payment for profit delivery is the direction of reform in the method of distributing profits between the state and enterprises that we should carry out resolutely and step by step. Naturally, at the same time we should avoid making it into another version of the retention of profits.

1. Substitution of Tax Payment For Profit Delivery Is the Direction of Reform In the Distribution of Profits Between the State and Enterprises.

The complete substitution of tax payment for profit delivery means replacing the former delivery of profits to the state with payment of various kinds of taxes; the profits left over after the payment of taxes are returned to the enterprise for its use in developing production, operation of collective welfare, and providing bonuses to staff members and workers. Like profits retention and the sole responsibility for profits and losses contracts, substitution of tax payment for profit delivery is both a form of distribution of profits between the state and enterprises, and is also a form of enterprise economic responsibility system. The goal of such a form of profits distribution is to make a change in the centralization of financial receipts

and expenditures and in the inequitable situation of enterprises "eating out of the same big pot." A look at the situation in pilot projects shows overall that this method is able to simultaneously look after the interests of the state, enterprises, and employees; it is able to combine the economic benefits of enterprises and employees with the carrying out of work responsibilities; and thus it is able to stir the enthusiasm of employees and improve the enterprises' economic effectiveness. In numerous places, pilot project enterprises using the substitution of tax payment for profit delivery have had marked increases in production and profits. Naturally, inasmuch as conditions differ in various ways among enterprises, it is impossible to state, solely on the basis of the extent of increase, who performed best and who did not perform so well. Furthermore, both the profit retention method and the method of contracting sole responsibility for profits and losses are superior in their individual ways, and each is suited to particular conditions. For some time to come, there will be a need for their continued existence and development. Nevertheless, the substitution of tax payment for profit delivery holds more advantages overall, and it truly is particularly superior in some ways. In long-range and overall terms, it must be the direction of reform.

1. The substitution of tax payment for profit delivery has fairly more outstanding features in "responsibilities" and "benefits" when compared with profit retention; thus, it is more effective in making the enterprises improve their administration and management. This point has been demonstrated by the experiences of every pilot project in the substitution of tax payment for profit delivery. Take the Shanghai Light Machine Building Industrial Company, for example, which instituted the payment of profits first in the form of new industrial and commercial taxes, adjustment taxes, real estate taxes, and vehicle and boat licensing taxes (about 1/3 of total profits), and 50 percent of the remainder then were paid as income taxes with about 1/3 of the remaining profits going back to the enterprise for use in making fixed asset fund payments and circulating fund payments, as well as for adding to production development funds, employee welfare funds, and employee bonus funds. Thus, if an enterprise has good administration and management, no increases in fixed assets or circulating capital, and has increased output, then about 1/3 of the increase in profits goes back to the enterprise. If output or output value does not increase, but costs are cut, the enterprise may retain 1/2 of the profits. Should the enterprise reduce the use of fixed assets and circulating capital, the enterprise receives full benefit for the total amount that does not have to be paid as a result. Conversely, if an enterprise's output declines, its costs rise and the amount of funds it uses increases, it must bear losses at the same rate. If an enterprise does not do a good job of administration and management and its profits decline very greatly, it may be unable to pay its share of funds. This is not the case in profit retention. At the present time the average profit retention rate for 11 industrial bureaus in Shanghai is 10.38 percent. If the profit retention rate for an enterprise is also 10.38 percent, then no matter whether profits increase as a result of increased output or reduced costs, or whether profits fall as a result of a decline in output and a rise in costs, the increase or decrease in enterprise benefits will still be 10.38 percent. No matter the amount of funds an enterprise uses, it will have no effect

on the amount of profits retained. For this reason, the enterprise will have a different attitude toward measures for effecting savings in expenditures. For example, in repairing steel windows in a workshop, a certain plant wanted to smash the glass completely and start anew. The glass had a value of 200 yuan. In order to save this 200 yuan, it would have to spend 20 yuan as a bonus. By using the complete profit retention method, assuming a retention of 10 percent, by saving this 200 yuan, the enterprise would be charged with an increased retention of 20 yuan; however, in accordance with stipulations, the 30 yuan [sic] used as a bonus could not be included in costs, but would have to be paid for out of the profit retention funds. For the sake of saving payment of 200 yuan in costs, the enterprise would have to retain 20 yuan more, or conversely pay 20 yuan more. But there is a cap on payment of bonuses. By paying a bonus here, fewer bonuses could be paid elsewhere. Naturally the enterprise would be unwilling to do so, and as a result 200 yuan worth of glass was allowed to be smashed. Had the substitution of tax payment for profit delivery been used, even though the enterprise would pay a bonus of 30 yuan for a 200 yuan reduction in costs, it would still get about 1/2 or approximately 100 yuan. A net excess of 70 yuan would result after offsetting receipts against expenditures, so naturally the enterprise would be willing to do this, and 200 yuan of glass would be saved.

2. As compared with profits retention and the sole responsibility for profits and losses contract, substitution of tax payment for profit delivery is better able to reflect a spirit of encouragement to advanced enterprises and to motivate backward ones; thus it benefits the promoting of the development of social production. Various forms such as profit retention and assuming sole responsibility for profits and losses are an improvement over the former old ways in regards to revenues and expenditures and enterprises "eating out of the same big pot," and they play a positive role. However, when compared with enterprises nationwide, they are still forms whereby the backward win advantage while the advanced suffer losses. Take profit retention for example. Retention rates are generally determined on the basis of payments set for welfare expenses, bonuses, expenses in development of new products, and technical training expenses as a proportion of the enterprises' profits for the previous year when the pilot projects were begun. A base figure profit retention plus an increased income profit retention method is used; then a proportionately high increased income profit retention rate is set according to stipulations. In terms of a single enterprise, if the enterprise wants to retain more, it must strive harder, and this is naturally more equitable than before. However, looked at in terms of comparisons among enterprises, it is still quite inequitable. First of all, for backward enterprises, profits always tend to be low, so when a high profit retention rate is set, great increases in income are very easy. Meanwhile, for enterprises that have been advanced all along and that have had high profits and few expenditures, the setting of a low profit retention rate means large increases in earnings will be difficult.

Second, as a result of unfair prices, some enterprises can increase profits greatly without effort while others will find it hard to increase earnings even with great effort. Although these contradictions will be considerably

moderated through balances and adjustments in the region's industries, they will not be completely resolved. In particular, among enterprises in the same industry in different regions, the phenomenon whereby "the advanced are undeservedly penalized" still clearly exists. The sole responsibility for profits and losses contract appears to play a very great role at present, but it has faults. For example, ever since its founding in 1970 the Chongqing Municipal Metallurgy Bureau had losses year after year. By 1978, accumulated losses amounted to 52.94 million yuan. In 1979, it showed a profit of 653,000 yuan. In 1980 the sole responsibility for profits contract was introduced, and it contracted payment to the state of 3.6 million yuan in profits, with the excess profits being retained for the enterprise's own use. The result was that profits reached 11.75 million yuan that year, 3.6 times more than the previous year. Payment to the state was actually 4.66 million yuan, with the enterprise retaining 6.42 million yuan. In terms of this bureau alone, this sort of contracting benefited the country and the people. In terms of enterprises across the board, however, matters were otherwise. Take, for example, a comparison with the Shanghai Metallurgy Bureau, which made a profit every year. Using the 1.1 billion yuan that it made in profits during 1978, its best year, as a base figure, it paid 60 percent of excess profits to the state, enterprises in the bureau retaining 40 percent (with no further retention of production development funds, employee welfare funds, and employee bonus funds). Although the two bureaus made different products, had different profit levels, and were not entirely comparable, nevertheless one had the feeling that the backward one came out ahead. Furthermore, when some enterprises in the same industry in different areas practice profits retention while others assume sole responsibility for small profits or assume sole responsibility for losses, and the latter can cut prices to compete, it creates an unfair situation in which the backward one squeezes out the advanced one. The shortcomings of profits retention and assuming sole responsibility for profits and losses can be avoided only through institution of the complete substitution of tax payment for profit delivery on a foundation of a substantially equitable price system. Since kinds of taxes and tax rates are uniformly set by the state, enterprises producing the same kinds of goods pay the same kinds of taxes. This is the only way in which to completely get rid of the abuse of "eating out of the same big pot," and truly encourage the advanced while putting the spur to the backward to advance development of social production.

3. Institution of a system of complete substitution of tax payment for profit delivery on a foundation of a substantially equitable price system is most equitable for relations between the state and enterprises. First of all, a centralized method benefits the state management. Second, steady growth in national revenues can be assured as production develops. Take a pilot project for substitution of tax payment for profit delivery run in Guanghou County, Hubei Province, for example. Before the pilot project was run, the enterprise was in arrears year after year in payment of profits, and had deposited only 69.7 percent of profits in the treasury. After the pilot project began, taxes were paid every year and not a cent was owed. Third, when methods remain stable for a long period of time without changes every year or every several years, enterprises may be assured of a source of funds. They can do long-range planning on the basis of actual circumstances,

arrange for technical renovation, and avoid the present practice whereby enterprises hold back as the end of the year approaches or in the year just before the pilot projects come to an end. This is a great advantage both for the country and for enterprises. Fourth, there is no need to continue the use of the old methods of watching enterprises' profit targets. The practice can be avoided whereby some enterprises, for the sake of retaining more profits in excess of set profit targets, ignore quality and variety, thus creating an abnormal situation of making industrial reports and commercial reports sound good, overstacking products and reporting false receipts of revenues.

4. The practice of the substitution of tax payment for profit delivery can create favorable conditions for a division of labor between government and enterprises and change the "separation of the central from the local." Following full practice of the substitution of tax payment for profit delivery, enterprises pay taxes directly into the central treasury while paying local taxes according to regulations. Government agencies concerned thus do not have to interfere unreasonably in the enterprises' normal production activities to make sure that enterprises pay a proper share of profits to the central government and the local government. This is clearly beneficial in carrying out a division of labor between the government and enterprises and in breaking the "separation of the central and the local." With methods such as profit retention and assuming sole responsibility for profits and losses, however, because they continue to be intertwined with the system of enterprises paying profits "centrally and locally," their role in this regard cannot compare with the substitution of tax payment for profit delivery.

5. The institution of a system of substituting tax payment for profit delivery, increase in kinds of taxes, and readjustment of tax rates can bring into play the role of tax revenues as a major economic lever and be beneficial in overcoming the shortcoming of the sole use of administrative methods to manage the economy. This is also something that various kinds of profits retention and assuming sole responsibility for profits and losses cannot equal.

2. Large and Medium-Sized State-Run Enterprises' Promotion of the Substitution of Tax Payment for Profit Delivery Should be Done in Two Steps

The substitution of tax payment for profit delivery as the direction of reform does not mean that conditions now exist for its sudden implementation. The Central Committee's plans call for large and medium-sized state-run enterprises to promote the substitution of tax payment for profit delivery in a different way than for small state-run enterprises, using a two step process. In the first step, payment of taxes and profits co-exist, with implementation beginning during the period of the "Sixth 5-Year Plan." In the second step, on a foundation of a substantially equitable price system, there is to be complete substitution of tax payment for profit delivery. This is mostly because a comprehensive, large-scale restructuring is extraordinarily arduous and complex. In order to avoid turmoil and disorder, it is necessary to distinguish circumstances and proceed in a step-by-step way. This may be explained from two angles as follows:

1. Large and medium-sized state-run enterprises hold a pivotal position in the national economy. Statistics show that in 1981 China's large and medium-sized industrial enterprises numbered only 1.3 percent of all industrial enterprises, yet they had an industrial output value that was 43.1 percent of gross industrial output value. Shanghai's large and medium-sized enterprises numbered 5.4 percent, but their output value was more than 51 percent. Annual profits of a large or medium-sized enterprise may amount to at least several million yuan. When problems arise, losses to the country are very great, and thus the need for a division into two steps. This reflects a program of decisive yet orderly restructuring.

2. Large and medium-sized state-run enterprises' promotion of the substitution of tax payment for profit delivery must be correlated with restructuring of the entire economic system, and done in concert with it. Currently large numbers of small state-run enterprises are operating at a loss. Experience at numerous pilot projects has shown that contracting by collectives or individual employees while adhering to the system of ownership by all the people can rapidly turn losses into profits. Take, for example, the state-run porcelain plant in Sihui County, Guangdong Province, which had 107 employees. Ever since it went into production in April 1977, it had losses year after year. By the end of 1980, accumulated losses amounted to more than 260,000 yuan and the higher authority decided to close the plant. In May 1981, its operation was trial-contracted to employees collectively under a system whereby they paid the state funds expended, were themselves responsible for losses, and paid the state 30 percent of profits. As a result the enterprise perked up. Between January and November 1982, the number of employees was cut by half; output value increased 1.6 fold; costs fell 55.6 percent; and losses of 87,000 yuan were changed into profits of 57,000 yuan. Tax payments increased 1.7 fold, and employees earnings increased two fold. For similar types of small state-run enterprises, the promotion of various forms of economic diversification such as collective or individual employee contracts or leases little by little and over a period of time over the next 3 years in accordance with Central Committee plans, under the premise of adhering to ownership by all the people, could be used to put into effect the state levying taxes, enterprises paying expenses and being solely responsible for their own profits and losses which pose no large problems and hold many advantages. This is the right way of doing things and emphasis should be placed on this method. Meanwhile, the full substitution of tax payment for profit delivery by large and medium-sized state-run enterprises poses fairly complex problems as shown in pilot projects, requiring a comprehensive and systematic restructuring of pertinent economic management systems and creation of necessary conditions.

First, the price system should be substantially equitable. If it is not, the after-tax profits of individual enterprises will not correspond to the efforts made by the enterprises, and the existence as before of inequities resulting from non-subjective factors can easily impair enterprises' enthusiasm. Second, the financial system is in need of restructuring. There must be an equitable apportionment between central and local treasuries in the areas of receipts and expenditures and the setting of corresponding kinds of taxes and tax rates. The present situation, in which the country's

three major cities lack required self-determination as a result of the central government treasury's "eating of food from a central stove," is not in keeping with comprehensive promotion of complete substitution of tax payment for profit delivery. In places that "eat food from separate stoves," conflicts exist in the current method of "proportional division."

Third, marked results must be obtained in the reorganization of enterprises. A shortening of the gap between advanced and backward enterprises must be made so as to avoid creating an excessively large number of families with material difficulties as a result of tax levels under unified state tax laws.

Fourth, is the need for great progress in the reorganization and amalgamation of enterprises. The units on which future taxes will be levied will often be specialized companies or amalgamated companies. If industrial plants are the sole units on which taxes are levied, after-tax profits will revert entirely to the control of industrial plants. If business companies are subsequently organized, these companies should retain some of the profits. For companies that are responsible for their own profits and losses, in particular, reserve funds will be subsequently required. A reduction in the after-tax profits that industrial plants control might easily cause obstacles in the organization of companies. Of course, plants that do not have to organize companies should not be taxed administratively as companies so as to avoid the strengthening of administrative organizations in disguised form, which would be bad for the enterprises' efforts to enliven production.

Fifth, corresponding restructuring of plans, materials, labor, wage, business, and foreign trade management systems, and of the cadre appointment and removal system must be done. Enterprises must be given a certain amount of genuine self-determination. If they are not, there is no way in which they can be responsible for their own profits and losses. At the same time a macroscopic strengthening of coordination and management is necessary.

The foregoing restructuring will require a certain amount of time and a process; consequently, it is necessary for large and medium-sized state-run enterprises to take two steps in promoting the substitution of tax payment for profit delivery.

The coexistence of tax and profit payments is not another version of profit retention. However, if there is a one-sided understanding of the need for taking safe steps in restructuring, with only a small portion of profits being converted to income taxes while increasing the profit retention rate for enterprises concurrently, everything else remaining as it is, then the coexistence of tax and profit payments may turn into another version of profit retention. Naturally, such a method would not require 3 years for implementation, nor would there be any way in which to dovetail the two steps. Obviously, it would not be in keeping with the spirit of the Central Committee's plans. How is this to be avoided?

1. The tax system must be restructured step by step. It is necessary to get ready for the transition to the second step from the coexistence of tax and profit payments in the first step.

First, the income tax rate in this step must be comparatively "equal and advanced." In addition, transitional ways of looking after enterprises in particularly dire straits must also be found in order to urge backward enterprises to make efforts to catch up and shorten the gap between backward and advanced enterprises so as to lay a good foundation for the all-round promotion of the complete substitution of tax payment for profit delivery. In the change of some profit payments to income taxes, advantages can be promoted rapidly across the board without disadvantages.

Second is a preliminary delineation of central and local government revenues and expenditures, and a simultaneous preliminary delineation of the kinds of taxes of the central government and localities and tax rates for general institution of a level by level financial system. The regions that formerly had "eating of food from a central stove," and "eating from separate stoves" should gradually convert to the levying of local taxes. The former industrial and commercial taxes should be changed to product taxes, business taxes, and resources taxes. In levying these taxes, local governments should retain sums according to prescribed supplementary tax rates. In addition, municipalities will also levy on enterprises municipal public service taxes, municipal real property taxes, and vehicle and boat licensing taxes. Wherever enterprises produce and market goods, they will pay prevailing central government and local taxes. Doing things this way will bring into play local enthusiasm, will help break up the "separation between the central and the local," marketing mostly in specific regions, and bring into play the regulatory role of tax revenues.

Third, the former levying of industrial and commercial taxes on products on the basis of the total amount sold will gradually change to taxation figured on the basis of the amount of added value (the value newly created by actual labor), which will help develop specialized cooperation and new products. In addition, so as not to reduce national revenues, the tax rate for products will correspondingly increase. In order to make the most of tax revenues as an economic lever, tax rates will be correspondingly readjusted for products the production of which is to be encouraged, for products whose production is to be limited and for ordinary products, as well as on the basis of the different profit rates for products. This restructuring may be done step by step as follows: First is the figuring of marginal tax difference, i.e., subtraction from the sale price of products the amount of taxes already paid on component parts brought in from elsewhere. Then, on the basis of a substantially equitable price system, use of an added value tax, i.e., the stamping of "taxes paid" on bills for raw and processed materials, for semi-manufactured goods, and for spare parts at the time they leave the plant, so that the buying unit will not have to pay the taxes again.

Fourth is gradual levying of progressive taxes on enterprises' wage funds and bonus funds. The state must control the balance between production and consumption. However, under present circumstances of overly low wages, the placing of a cap on bonuses could impair the enthusiasm of enterprises and of employees. Yet unless a top limit is set, after institution of the sole responsibility contract for task completion in some enterprises, employees will receive a very large amount of bonuses, which is very abnormal.

It would be best to establish a tax on enterprise bonus funds in the future so that when the bonus level in any enterprise reaches a certain height (suitably higher than the average level), it will begin to be taxed, with the amount in excess being progressively taxed. This would urge enterprises to use properly much of the money that is retained for use in paying wages or floating wages in the plant, and on self-financed promotions and collective welfare. Once the system is substantially rational, and employees' level of earning has increased somewhat, similar methods should be used to levy taxes on enterprise wage funds to induce enterprises to use excess funds retained on collective welfare and production.

Fifth is the all-round institution of a system of payments on the full amount of loans for use as circulating funds, and the use of fixed assets belonging to the state in order to encourage enterprises toward rational use of state funds. Payment of fees on state fixed assets used differs from taxes on municipal real estate. The former is like interest; the latter is a tax. Therefore, houses built through self-financing are also taxed to promote rational use of land for housing and to bring about city planning.

Sixth is strengthening of inspection, legislation, and judicial work on tax revenues to avoid evasion, false reporting, concealment, and late payment of taxes.

2. The form of distribution of after-tax income between the state and enterprises must be improved. An overwhelming number of Shanghai's 11 industrial bureaus practice full retention of profits today. The advantage in this is relative stability; the disadvantage is that major breakthroughs are rather difficult. It is even difficult to solve the problem of converting payment of a small portion of profits to tax payments. Experiences with incremental increase in the sole responsibility for profits contract in the Capital Steel Mill has demonstrated that in large and medium-sized old enterprises where management has a good foundation, "contracting" can be done, and that it has very great advantages for the country, collectives, and employees. Relatively speaking, in quite a number of large and medium-sized old enterprises, potential has been tapped fairly well while insufficient technical improvements have been made. If there are to be any major breakthroughs now, greater amounts of financial resources and self-determination will be required. For incremental increases in the sole responsibility for profits contract such as was done in the Capital Steel Mill, though responsibilities for the enterprise increase, increase in financial resources and self-determination can be assured. As a result, many old enterprises in Shanghai have also dared to take this kind of risk. We suggest the following: Possibly Shanghai can select several units in which, following state approval, pilot projects on incremental increases contract of after-tax profit could be instituted, and after experience has been gained, gradually put it into effect.

3. Management systems for personnel, financial resources, material resources, production, supply, and marketing in enterprises concerned should emphasize improvement in relations between the state and enterprises to carry out a comprehensive, systematic, resolute and orderly reform. On the one hand

enterprises must be gradually given more authority, while on the other hand new methods of strengthening management must be used to make methods mutually coherent and dovetailed. Unless this is done, the saying that "the bird is not allowed to fly," will become "the bird has flown out of the cage." Earlier on, the main problem in Shanghai was that the "bird was not allowed to fly." If one maintains that the coexistence of tax payments and profit delivery is the same as always, then there will be no way of dovetailing the second step, and disdain for "the new version" will be hard to avoid. The spring wind of reform is blowing strongly today. It is suggested that Shanghai set up as soon as possible an authoritative organization for reform with a centralized leadership system for the planning, organization, promotion, and coordination of reforms.

4. Reform of future pilot project work on the basis of a summarization of business company pilot projects. Shanghai's industrial plants are all organized into individual industrial companies. Today there is no qualitative difference between the city's 23 business company pilot project units and non-pilot project units. Specialized business companies and joint companies should be organized on the principles of specialized cooperation and rational economic sense. Their size should correspond to the size that can be managed now following management efforts. Unless this is done, once full substitution of tax payment for profit delivery has been done in which companies will be taxed units, it will be very difficult for companies to become economic entities responsible for their own profits and losses, and it will be very difficult to bring into play the enthusiasm of constituent industrial plants. In the future, all who have prepared conditions for the operation of business companies should, in principle, be taxed units with increased self-determination and carry out the substitution of tax payment for profit delivery. Those that have a good management foundation should be selected for diligent operation of business company pilot projects. Companies for which conditions have not been made ready should carry out readjustment and reorganization. They should organize additional companies and main plants, and allow plants now suited for organization into companies to become independent. In addition, diligent organization of pilot projects in trades and professions is necessary to be responsible for planning as a whole, for supervising, and for coordinating the economic activities and business services of similar trades and professions. In this way, the job of making rational the organizational structure of enterprises can be interrelated with the task of substituting tax payment for profit delivery.

9432

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NATIONAL POLICY AND ISSUES

EDITORIAL URGES RISE IN ECONOMIC RESULTS TO ENHANCE DEVELOPMENT

Jinan DAZHONG RIBAO in Chinese 18 Apr 83 p 1

[Editorial: "Economic Results Must Be Raised Even Further"]

[Text] A further rise in economic results is the basic starting point to guarantee a better and more consistent development of the national economy. It was also one of the important issues discussed at the Shandong industrial and communicational work conference.

Since Shandong Province's 1982 industrial and communication conference, the issue of further raising economic results has begun to attract the close attention of leadership at all levels and this has led to improved results. To conclude, however, that the problems concerning ideology have been solved, is erroneous, work is still not well-grounded, and results are still not obvious. As for some important targets of economic results, not only have they not been met, but their actual level is lower than that of 1981. This situation is created chiefly by our ideology, which although changed, is still not good enough. We are still restrained by backward administration, low technological levels, unreasonable enterprise organization structure, crippled economic administrative and distribution systems. This explains clearly why, in order to change old methods and find a new path with a more practical pace, and which can achieve better economic results and enable the people to receive more benefits, great effort is needed.

The 12th Party Congress has accurately pointed out that shifting all economic work to focus on further raising economic results is the basic guidance ideology behind organizing industrial and communication production, and it must never be weakened. Therefore, we must accurately handle the relation between speed and results, persist in treating economic results as the main thrust and integrate speed with economic results. What we mean by economic results is that we must use minimum labor and material consumption to produce a maximum amount of products meeting the public's needs. We must produce products which are of high quality, reasonable price, marketable and satisfying. When we say speed, we mean solid speed achieved by great effort resulting in better economic results, adding to capability and laying a good foundation for future development. We must not neglect social needs and unilaterally seek the development of speed. Practice has proved that it is comparatively easy to achieve a temporary high celerity, but much more difficult to bring about a consistent, healthy and

stable increase. Therefore, at all times, we must treat rising economic results as the first priority. When contradictions occur between speed and results, and between quantity and quality, speed must yield to results, and quantity to quality. We must, with the necessity of raising economic results, struggle for comparatively faster development.

Organizing the production of the light and textile industry according to the principle of "six priorities" has great significance in the constant raising of economic results. The light and textile industry affects economic development, market prosperity and the public mood. At present, there exists a large problem because, on the one hand, some light and textile products are not marketable and, on the other, society's cash surplus and purchasing power have increased. The Ministries of Light and Textile Industries should study and research the masses' consumption level, structure and the change of consumption psychology, strengthen market forecasting and the exchange of information, and put great effort into improving quality, increasing varieties, inventing new products and expanding new categories. We must continue to practice the principle of "six priorities" and prevent the phenomenon of pushing aside light industry because of over expansion of capital construction and revival of heavy industry. The commercial departments must do a good job in reforming the circulation system, expanding the sales of industrial products, encouraging the industrial and commercial quarters to join together in traveling to villages and areas outside of the province to promote and exhibit products. They must persist in the principle of small profit and quick turnover, and expand the sales market of Shandong Province's products so as to consolidate and develop the gradually good situation of a "buyer's market."

In order further to raise economic results, great effort is needed in the production and conservation of energy and raw materials. At present, there are glaring contradictions between the supply and demand of energy resources. Some raw materials are also in short supply. To solve this problem, the most practical and most reliable method is to strengthen management and exploit the potential within the enterprises. We must not hope for an increase in energy resources or in the distribution of raw materials. All trades and professions must strengthen management, lower consumption, do a good job of technological transformation centers on saving energy. They must fulfill the target of improving production with energy conservation, and thus attain the goal of achieving good economic results through energy conservation. We must distribute and arrange energy resources and raw materials according to their qualities, protect key products and brand name products, guarantee the production of daily necessities, and prevent squeezing out products and poor quality products from squeezing out good quality products, facilitate an even better use of limited resources and raw materials. In order further to raise economic results, we must have an overall and comprehensive plan. Everything, from production, transportation, and circulation to the macroscopic economic policies and microscopic economic activities and economic results must be emphasized. We must carry out comprehensive management, strengthen the sense of planning, overcome blindness and guarantee that the national economy will develop systematically and proportionately.

12365

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NATIONAL POLICY AND ISSUES

TIANJIN STRIVES TO RAISE ECONOMIC RESULTS

Tianjin TIANJIN RIBAO in Chinese 30 Apr 83 p 1

[Article by staff commentator: "Economic Results Must Be Raised as Soon as Possible"]

[Text] Although there was a steady first quarter increase in Tianjin Municipality's industrial output this year, the economic results are not satisfactory. This is a problem that we must pay close attention to at the present time.

What is the definition of good economic results? It is the use of minimum labor and material consumption to produce maximum amount of products which fit the social needs; the enterprises will develop, the state's revenue will increase and the people will receive benefits. It is not easy to achieve good economic results. First, we must carry out economic work which centers on raising economic results; second, we must strive to raise the products' quality, increase the varieties, save energy, reduce consumption, accelerate the circulation of capital, and reduce unreasonable expenditure. Practice has proven that economic results will surely be good if the guiding ideology is correct, the products are of good quality and low cost, and are marketable.

When we stress the importance of economic results and output value, or stress the importance of speed, sometimes they work in harmony but at other times they are contradictory. Total industrial output value is the index of total output value reflected by the currency. It indicates the total achievement of an enterprise's industrial production activities within a period of time. The development speed of enterprise production actually is the increase in output value. If we persist in the socialist production goal and organize production according to socialist needs, speed and results can be integrated and comparatively greater economic results can be achieved by comparatively higher speed. An overall, sound economic result is reflected by a steady increase in output value. Of course, total industrial output value, like statistical indexes of other economic technology, has its own restrictions and shortcomings. Therefore, economic results and output value are sometimes integrated, but at other times contradictory. When there are contradictions between the two, we must take the economic results as a priority. If we do not stick to this prerequisite, some enterprises will neglect social needs,

lopsidedly pursue output value and cause enterprises to rejoice, business to worry, overstocking in warehouses, revenue receipts falsely reported and other foolish things. As for profits, it is the social wealth provided for the state by the masses who actively labor in our socialist enterprises. It is one of the important indexes reflecting the economic results achieved by an enterprise under certain situations. However, due to the present situation of product prices, which are not always reasonable, profits are not the only index to measure an enterprise's economic results. In other words, an enterprise's profits are not the same as economic results. When we emphasize the importance of economic results and the need to raise economic results as soon as possible, we do not mean that there is no need for output value, speed, or profits, but that we must not simply and lopsidedly pursue output value, speed and profits. In order to realize the four modernizations, speed and profits are indispensable and they need to be stressed upon. But according to historical experiences, if we simply and lopsidedly pursue output value and profits, problems will easily occur and a steady increase of output, a constant speed and an overall, sound economic result will be difficult to achieve. Some economic departments and industrial enterprises must correctly understand and handle the relationships between economic results, output value, speed and profits. They must find excuses to shirk their responsibility to raise economic results by saying that the leadership stated that it is not necessary to pay close attention to output value, speed and profits. If this scenario happens, it is the same as going from one extreme to another, and a lopsided error will be committed.

The adoption of an overall point of view also plays an important part in raising economic results quickly. Socialist economic construction is carried out under the state's unified planning. Every industrial department and enterprise must plan from an overall perspective, and correctly understand and handle the relationships between partial interests and general interests. We must pay close attention to the enterprise's economic results. But more importantly, we must promote socialist economic results. Certain products, even if they do not have high profits, or even if they have no profits, must be vigorously produced if they are needed by the state's construction, by foreign export or by the people, because these products have socialist economic results. The practice of determining the amount of production according to profits does not suit the overall point of view. Practice has proven that the economic results of production activities must run through the whole process of production, packaging, sales, transportation and consumption. If any segment does not do a good job, or any unit lacks an overall point of view and a cooperative work style, the economic results will be affected.

Outdated equipment, old skill and backward technology are important reasons why the economic results of some industrial enterprises are not good and why many products are low quality, functionally poor, few in varieties and consume a large amount of energy and labor. In order to change this situation, we must depend upon technological improvement and use advanced technology to transform our medium and small-sized enterprises. Recently, five scientific and technological units organized by Tianjin Municipality have examined and approved 299 imported technical items, and once gradually put into use will

definitely achieve an important function in the development of industrial production and in the raising of economic results in Tianjin.

In order to raise economic results as soon as possible, a lot of work has to be done. For example, to reform the economic system, to adopt correct economic and technological policies, and to study the advanced experience of other fraternal provinces and municipalities like Shanghai. We must, under the guidance of the spirit of the 12th Party Congress, continue to carry out the policy of readjustment, restructuring, consolidation and upgrading so as to enable different economic works to practically get on track in treating economic results as the key focus and make the greatest effort to raise Tianjin Municipality's economic results as soon as possible.

12365

CSO: 4006/548

NATIONAL POLICY AND ISSUES

REPORT ON CONTROL OF CAPITAL CONSTRUCTION

Beijing XINHUA in English 1207 GMT 14 Jun 83

[Text] Beijing, 14 Jun (XINHUA)--A senior economist told XINHUA here today that China must strictly control the scale of capital construction so as to concentrate more funds and materials on key projects.

Song Shaowen, advisor to the State Planning Commission and a deputy to the National People's Congress, said China invested 55.5 billion yuan in capital construction last year, 11.2 billion yuan more than in 1981. Most of the increase consisted of extra-budgetary investment.

"This scale of capital construction went beyond China's present capacity," he said.

Song Shaowen attributed the excessive increase to a blind expansion of construction projects, particularly repetitive projects in the processing industries, by various localities, enterprises and departments which now have more money and material at their disposal.

Construction of housing projects and public utilities, though necessary, went a bit too fast, he added. Last year it accounted for 42.5 percent of the total investment in capital construction, he said.

All this, he said, resulted in what Premier Zhao Ziyang stated in his government work report, that is, state budgetary investment in the key energy and transport projects failed to reach the planned target while capital construction by the localities, departments and enterprises using their own funds or loans got out of control.

"If this situation is allowed to continue unchecked, it may impede the production of consumer goods, strain the market, cause price fluctuations, and upset the balance of the national economy," Song Shaowen said.

It is necessary to cut duplicate and other extra-budgetary projects and institute a highly centralized and unified capital construction management system, he said. The power must be concentrated in the central and provincial authorities, each responsible for the control of the total scale of capital construction at the next lower level.

At the same time, he added, it is imperative to mobilize the whole nation to support the key projects, which will stimulate the development of production and construction in the years before 1990 and lay a solid foundation for an economic take-off in the next 10 years.

CSO: 4020/90

AGGREGATE ECONOMIC DATA

COMMUNIQUE ON 1982 ECONOMIC DEVELOPMENT

SK180456 Shenyang LIAONING RIBAO in Chinese 22 May 83 p 2

[Communique on fulfillment of Liaoning Province's 1982 national economic plan, issued by the Liaoning Provincial Statistical Bureau]

[Text] Inspired by the guidelines of the 12th Party Congress and under the leadership of the provincial CPC committee and government, in 1982, the people of the province continued to implement the policy of readjusting, restructuring, consolidating, and upgrading the national economy, shifted the focal point of work on raising economic results, and reached and surpassed state-assigned targets. Agriculture reaped a good harvest, light industry developed, heavy industry picked up, revenue and expenditure were basically balanced, markets had an ample supply of commodities, the rural people's living conditions were further improved, and new progress was made in all undertakings. The total output value of industry, agriculture, building industry, transportation, postal and telecommunications service, and commerce reached 67.74 billion yuan, a 7 percent increase over 1981. Of this, calculated in terms of a constant price based on 1980, the industrial and agricultural output value was 56.66 billion yuan, a 5.6 percent increase over 1981. The preliminary estimate of people's income was 26.11 billion yuan, a 4.6 percent increase over 1981. The per capita income rose from 710 yuan in 1981 to 733 in 1982, increasing 3.1 percent over 1981 and setting a record.

The fulfillment of various economic plans follows:

Industry

In 1982, industrial fronts across He Province overcame the difficulties of short supplies of energy and raw materials. Industrial fronts made efforts to create famous-brand and top-quality products, to strive for high yields and to raise economic results. The inner industrial structure was further readjusted, a certain growth rate was ensured, and the fighting target for ensuring a 3-percent increase, striving for a 4-percent increase, and advancing toward a 5-percent increase was surpassed. The annual industrial output value was 47.63 billion yuan, overfulfilling the plan by 1.6 percent and increasing 5.5 percent over 1981. Of this, after 2 years' readjustment, the output of heavy industry registered a rapid increase, and the annual heavy industrial output value was 30.75 billion yuan, a 6.5 percent increase over 1981. Based on the annual

average growth rate of 17.9 percent in the years from 1979 to 1981, the 1982 light industrial output value was 16.88 billion yuan, a 3.8 percent increase over 1981. The ratio between the light and heavy industries changed from 36 percent: 64 percent in 1981 to 35.4 percent: 64.6 percent in 1982.

The output of 53 of the 80 major industrial products increased over 1981. For example, the neergy produced in 1982 was equivalent to 363,640,000 tons of standard coal, a 5.1 percent increase over 1981. Among finished rolled steel, the output of medium steel plate, thin steel plate, silicon steel, strip steel, and seamless steel pipe increased by 10.1 percent.

Output of major industrial products follows:

Products	1982	Percentage Fulfillment of plans	Percentage increase over 1981
Steel	8.856 million tons	101.4	1.5
Pig iron	9.631 million tons	104.1	3.4
Finished rolled steel	6.002 million tons	119.0	6.7
Machine-made coke	6.974 million tons	100.3	5.4
Electricity	2.971 million kwh	101.7	6.1
Raw coal	36.085 million tons	102.8	7.1
Crude oil	5.546 million tons	104.4	105.6
Natural gas	1.26 billion cubic metres	105.3	-17.7
Cement	8.126 million tons	121.2	11.5
Plate glass	6.703 million standard boxes	134.1	10.6
Sulphuric acid	761,000 tons	121.2	2.9
Soda ash	701,000 tons	102.6	0.7
Caustic soda	224,000 tons	109.5	-0.7
Plastics	930,000 tons	114.9	14.2
Machine tools	156,000	126.7	2.0
Cars	6,900	301.3	56.3
Internal combus- tion engines (sold as commodities)	1.316 million hp	133.3	11.6
Chemical fibres	75,000 tons	88.9	-10.5
Yarn	174,000 tons	102.7	6.0
Cloth	720 million metres	106.4	12.8
Knitting wool	4,600 tons	119.8	31.3
Machine-made paper and paper boards	537,000 tons	119.3	8.4
Sewing machines	863,000	91.8	10.2
Bicycles	1.811 million	92.6	23.5
Watches	3.563 million	118.8	27.0
TV sets	379,800	140.7	4.8
Radios	278,000	18.6	-85.0
Cassette recorders	276,000	89.1	113.0
Synthetic detergent	33,000 tons	116.5	10.8
Wine	287,000 tons	117.1	16.3
Cigarettes	523,000 boxes	104.6	-5.0

In 1982, the quality of our province's industrial products was improved. The quality of 106 of the 128 major products was stable and better than in previous years. At the national appraisal of the quality of products, our province won 48 gold and silver medals, surpassing that of the previous 2 years.

In 1982, the economic results of industrial enterprises were raised. While the industrial output value increased 5.5 percent, fuel consumption increased only 2.3 percent.

Agriculture

In 1982, the rural areas continued to implement various economic principles of the party, developed and improved the job responsibility system which links output with economic benefits, and used scientific methods to grow crops; thus our province reaped a bumper agricultural harvest despite a serious drought. The agricultural output value reached 9.03 billion yuan, a 5.9 percent increase over 1981. Of this, the output value of crops was 4.96 billion yuan, a 1.8 percent decrease over 1981. Out of farm products is as follows:

	1982	Percentage increase over 1981
Grain and soybean	23.04 billion jin	-0.7
of which:		
Paddy rice	5.08 billion jin	2.0
Chinese sorghum	4.52 billion jin	3.9
Millet	590 million jin	31.1
Corn	1.146 billion jin	-4.1
Soybean	1.16 billion jin	-7.3
Cotton	466,000 dan	5.9
Peanuts	3.491 million dan	2.6
Flue-cured tobacco	575,000 dan	15.2
Apple	11.454 million dan	-18.3
Silkworm cocoons	603,000 dan	-33.4

In 1982, comprehensive development was made in forestry, animal husbandry, sideline occupations, and fisheries. The output value of fisheries was 330 million yuan, a 3.1 percent increase over 1981. The province afforested 3.577 million mu, fulfilling the plan by 119.2 percent, an increase of 8.2 percent over 1981. The province planted 98,130 fruit trees, a 3.2 percent increase over 1981.

In 1982, livestock production continued to increase. The output value of animal husbandry was 1.65 billion yuan, an 18.7 percent increase over 1981. Out of major animal by-products and the number of livestock is as follows:

	1982	Percentage increase over 1981
Large animals (engaged in farm labor)	1.835 million head	3.5
Hogs in stock at year end	10.699 million head	2.3
Hogs slaughtered of which:	7.113 million head	7.1
commodity hogs	5.03 million head	13.8
Pork, beef, and mutton	560,000 tons	13.8
of which:		
pork	550,000 tons	15.8

In 1982, the rural areas made rapid progress in developing a diversified economy. The output value of sideline occupations reached 1.73 billion yuan, an increase of 21 percent over 1981. The proportion of the output value of sideline occupations in the total agricultural output value increased from 16.8 percent in 1981 to 19.1 percent in 1982.

In 1982, fish output made considerably rapid progress. The fish output value was 360 million yuan, a 5.9 percent increase over 1981. The total output of aquatic products was 513,000 tons, a 15 percent increase over 1981.

The number of farm machines in use continued to increase. Total power capacity of farm machines reached 8.374 million horsepower, a 3.5 percent increase over 1981. The number of large and medium-sized tractors was 46,000 an increase of 4.5 percent. The number of small-capacity and walking tractors was 44,000 an increase of 0.7 percent. The capacity of irrigation and drainage power equipment reached 121,000 horsepower, a 2.5 percent increase over 1981. The total consumption of electricity in the rural areas was 2.66 billion kwh, a 5.1 percent increase over 1981.

Forecasts of bad weather by the meteorological departments were fairly accurate and prompt. This contributed to preventing losses from natural disasters.

Owing to the development of agriculture, forestry, animal husbandry, sideline occupations, and fisheries, the proportion of these products marketed has been increasing year by year and peasants made greater contributions to the country. Comparing 1982 to 1981, the state procured more pork, eggs, cotton, flue-cured tobacco, aquatic products, and other major agricultural and sideline products. This contributed to the development of the light and textile industries, and improved the supply of non-staple foods.

3. Investment in Fixed Assets

In 1982, total investment in fixed assets of state-owned enterprises and establishments across the province came to 5.56 billion yuan, an increase of 19.8 percent over the previous year, those of urban and rural collectively owned units came to 300 million yuan, an increase of 6.8 percent, and those of units

in rural areas came to 630 million yuan, an increase of 62.8 percent. Individual housing construction investment in urban areas was 50 million yuan, a drop of 10.4 percent from the previous year. Of the total investment in fixed assets of state-owned units, investment in capital construction accounted for 3.03 billion yuan, an increase of 12.4 percent over the previous year; investment in renewal and transformation projects of enterprises and establishments accounted for 2.53 billion yuan, an increase of 29.9 percent, of which 1.92 billion yuan was invested in renewal and transformation projects for industrial enterprises, an increase of 27.2 percent. Investment covered by the state budget in capital construction was 1.31 billion yuan, accounting for 92.3 percent of all investment--1.42 billion yuan--an increase of 10.5 percent over the previous year.

Of the total investment in capital construction of state-owned units, 1.49 billion yuan was for heavy industry, an increase of 10.3 percent over the previous year. Of this, 370 million yuan was for energy industry, such as coal, power, and oil industries, an increase of 14.5 percent, 150 million yuan was for transportation, posts, and telecommunications, an increase of 66.7 percent. Investment in housing, cultural, educational, and public health undertakings, urban public facilities and other non-productive projects amounted to 1.59 billion yuan, an increase of 23.8 percent. Of this, investment in housing was 1.12 billion yuan, an increase of 170 million yuan, which accounted for 37.1 percent of the total, compared to 35.5 percent in the previous year.

Some 1.26 billion yuan was invested in the 42 large and medium-sized projects covered by the state capital construction plan, accounting for 41.5 percent of total investment in the province. A total of nine single items of large and medium-sized projects were completed and put into operation, which helped add to production capacity.

Transportation, Posts, and Telecommunications

The volume of goods transported by all means of transportation was 560.01 million tons, an increase of 11.4 percent over the previous year. The volume of railway freight carried by the Shenyang and Jinzhou railway bureaus was 313.57 million tons, fulfilling the plan by 108.8 percent and an increase of 7 percent over the previous year; the volume of road goods was 204.25 million tons, an increase of 21.9 percent and that of waterway cargo was 1.09 million tons, an increase of 2.8 percent. The volume of oil carried through pipelines was 41.09 million tons, an increase of 0.5 percent. The volume of cargo handled at central and local ports was 34.91 million tons, an increase of 2.9 percent. The number of passengers handled by all means of transportation was 403.05 million persons, fulfilling the plan by 117.4 percent, or an increase of 8.2 percent over the previous year. Of this, the number carried by railway increased by 7.4 percent; that of road passengers, by 9.7 percent; that of waterway passengers, by 30 percent; and that of passengers by air, by 25 percent.

Under the situation in which the market supply of goods and materials was sufficient and parcel post for civilian use decreased, our province's post and telecommunications departments vigorously improved the quality of communications and expanded press services in 1982. The annual posts and telecommunications

transactions amounted to 117.76 million yuan, fulfilling the plan by 102 percent, or an increase of 5.1 percent over the previous year.

Commerce, Foreign Trade, and Tourism

In 1982, the total provincial value of retail sales (including the value of retail sales by peasants to the non-agricultural population), was 14.55 billion yuan, an increase of 6.2 percent over the previous year. The total value of retail sales by commercial and catering units was 12.22 billion yuan, an increase of 5.7 percent. Of this, the total value of retail sales by state-owned commercial and catering units was 932 billion yuan, an increase of 2.3 percent; the corresponding figure for cooperative commercial and catering units was 2.48 billion yuan, an increase of 13.1 percent; and that for individual commercial and catering units 410 million yuan, up 65.2 percent. The value of retail sales by state-owned commercial and catering units accounted for 76.3 percent of the province's total, compared to 78.8 percent in 1981. The value of retail sales by cooperative commercial and catering units rose from 19 percent to 20.3 percent; and that by individual commercial and catering units, from 2.1 percent to 3.3 percent.

The value of retail sales through self-marketing by industrial departments was 1.22 billion yuan, up 5.5 percent, which accounted for 8.4 percent of the total value of retail sales, compared to 8.5 percent in 1981. The value of retail sales by other trades was 460 million yuan, an increase of 8.5 percent, which accounted for 3.2 percent of the total, compared to 3.1 percent in 1981.

Along with the institution of the responsibility system in agricultural production, the amount of chemical fertilizer, pesticide, plastic films for agricultural use, tractors, and handcarts supplied by commercial departments increased by relative big margin over the previous year.

The total volume of business by urban and rural markets, and fairs across the province reached 1.02 billion yuan, up 19.1 percent over 1981. Of this, the value of business by urban markets increased by 16.9 percent and that by rural fairs increased 20.4 percent.

Owing to the increase of industrial and agricultural products which resulted in sufficient supplies of supply of commodities, the variety of commodities supplied under certificates of authorization in fixed quantity or supplied in limited quantity decreased from 70 in 1978 to about 10 in 1982. Many expensive commodities which had been in short supply were also supplied without limit.

In 1982, market prices remained basically stable. The annual overall level of retail prices went up 1.2 percent over 1981. The index for the cost of living for the non-agricultural population rose 1.4 percent. In 1982 retail prices rose 1.4 percent in the cities and 1 percent in the rural areas. State-set prices rose 1.1 percent, negotiated prices rose 1.4 percent, and market prices rose 1.3 percent.

In 1982, our province's foreign trade continually expanded. The total value of commodities procured in the province for export amounted to 3.02 billion yuan, up 8.4 percent over 1981, fulfilling the annual plan by 106 percent. Exports via Dalian Port amounted to \$4.3 billion, fulfilling the annual target by 101.7 percent. Among the 50 varieties of major exports, targets for 18 were overfulfilled.

In 1982, a total of 34,000 people, up 12.9 percent over 1981, from 81 countries and regions came to the province on tours and visits, and for trade, sports, scientific, and cultural exchanges. There were foreigners, overseas Chinese, and Chinese compatriots from Xianggang and Aomen among them. The foreign exchange income from these sources was valued at \$6.4 million, a 37.3 percent increase over 1981.

Finance and Banking

On the basis of further improvements in the provincial economy, the provincial budget was fulfilled well. The provincial-set target for revenue was overfulfilled and increased over 1981. Expenditures were controlled within the fiscal year budget and greatly increased over the 1981 figure, thus supporting the development of all economic construction projects and scientific, cultural, educational, and public health undertakings. The province achieved a basic balance of revenue and expenditures, with a small amount of surplus.

Actual provincial revenue in 1982 amounted to 7.568 billion yuan, 149 million yuan more than the readjusted budget and accounting for 97.4 percent of the 1981 figure. Of this, tax revenues totaled 4.622 billion yuan, a record high, overfulfilling the budget by 6.4 percent, increase of 9.1 percent over the previous year.

Actual provincial expenditures in 1982 amounted to 3.206 billion yuan, accounting for 81 percent of the budget and an increase of 541 million yuan--20.3 percent over the previous year.

The total amount of savings deposits in people's banks and agricultural banks in the province was 11.76 billion yuan by the end of 1982, an increase of 15.2 percent over the beginning of 1982. Of this, the amount of savings deposits by local enterprises increased by 670 million yuan and that in rural areas increased 270 million yuan. The total amount of savings deposits in the urban and rural areas increased from 3.25 billion yuan at the beginning of 1982 to 4.11 billion yuan by the end of 1982, an increase of 910 million yuan or a record high of 28 percent.

By the end of 1982, the amount of loans was 17.15 billion yuan, an increase of 3.1 percent over that at the beginning of 1982.

Science, Technology, Education, Culture, Public Health and Sports

In 1982, our province made new progress and pleasing achievements in scientific and technical work. The province had 776 scientific research institutes, 32 more than the previous year. The number of scientists and technicians working in these institutes increased from 30,000 in 1981 to 35,000 in 1982. The number

of research results in science and technology came to 1,749 items, some 1,234 of them were spread and used and some 229 of them won prizes, issued by the state and the provincial government.

In 1982, our province's educational undertakings were greatly developed. Some 941 postgraduates across the province were devoted to studying toward doctor's and master's degrees. Institutions of higher learning enrolled 17,000 students in 1982, 2,000 more than in 1981. Radio and television colleges had a total enrollment of 24,000 students, 6,000 more than in 1981; secondary technical schools, 46,000 students, 6,000 more than in 1981; and regular secondary schools, 1.984 million students, 238,000 more than the previous year. Agricultural middle schools enrolled 32,000 students in 1982, 13,000 more than in 1981. Elementary schools had a total enrollment of 4.364 million students, 31,000 more than the previous year. Because the party and the state have paid attention to training talented persons, have increased investments in tapping the potential of intellectuals, and have carried out teaching reform, new improvements have been made in teaching conditions, the number of teachers, teacher quality, and the general mood in schools.

In 1982, our province made great achievements in cultural undertakings. The number of theaters across the province was 542 in 1982, 85 more than in the previous year, and the number of film projection teams was 10,900, 850 more than in 1981. The province had 95 libraries, 10 more than in 1981, and the number of collected books was 14.78 million, 260,000 more than in 1981. There were 1,175 different books and magazines in our province with 360 million copies published in 1982, 50 million more than in 1981. The province had 173 television transmitting and relay stations, 60 more than in the previous year.

Our province continued to develop public health undertakings in 1982. The number of medical workers increased and medical and health conditions were improved. Rural areas throughout the province had 7,459 medical institutions, 68 more than the previous year. The total number of hospital beds was 128,000, 3,000 more than in 1981. The number of medical workers was 176,000, 8,000 more than in the previous year. The number of medical workers among individually-owned clinics was 873, a 77.2 percent increase over 1981.

Our province made great achievements in sports in 1982. Some 21 sportsmen across the province participated in 9 events at the Ninth Asian Games and won 14 gold, 7 silver, and 5 bronze medals. Two of them broke two Asian records and three of them broke six records of the Asian Games. They won honor for the country and the province.

People's Livelihood

Along with the development of industrial and agricultural production and the increase in workers' income, the people's livelihood in rural areas continued to improve in 1982. A sample survey of 500 commune-member households in 50 rural areas of 18 counties showed that the per capita net income of commune members was 336.5 yuan, a 29.9 yuan or 9.7 percent increase over 1981. Of this, the income of commune members from the collectives was 163.1 yuan, a 15.3 yuan and 10.4 percent increase over 1981. The income from sideline occupations was 128.7 yuan, a 19.1 yuan or 17.4 percent increase over 1981. The per capita

living expense was 266.2 yuan, a 7.7 yuan or 3 percent increase over 1981. Of each 100 households 85 had bicycles, 57 sewing machines, 192 clocks, 74 radios, and 9 had television sets.

In 1982, a total of 408,000 people were given jobs. The total number of workers and staff members in the province was 8.434 million, an increase of 289,000, or 3.5 percent, over that at the end of 1981. Of these, 5.93 million people were in state-run establishments, an increase of 147,000 or 2.5 percent; 2.504 million were in collective establishments, an increase of 142,000 or 6 percent. The annual wages of workers and staff members in the province totalled 6.5 billion yuan, an increase of 6.3 percent over the previous year. Owing to the expansion of employment avenues, per capita income for each worker household increased over that of the previous year. According to a survey on 960 worker households in 6 cities, the number of people supported by each employee dropped from 1.65 in 1981 to 1.62 in 1982. Actual per capita monthly income for each worker household was 44.1 yuan, an increase of 1.8 yuan, or 4.3 percent over the 1981 figure of 42.3 yuan. Durable consumer goods possessed by each 100 households were: 141 bicycles, 62 sewing machines, 260 wrist watches, 18 washing machines, 111 radios, 73 television sets, 10 record players, 5 cameras and 15 cassette recorders.

In 1982, housing projects completed in cities and towns totalled 7.116 million square meters, an increase of 8.3 percent over the previous year. Houses built by the people in rural areas were 13.41 million square meters. Housing acreage for each urban inhabitant increased from 3.6 square meters in 1981 to 3.7 square meters, and that for each rural inhabitant from 11.7 square meters to 12.3 square meters.

Population

Our province's population by the end of 1982 was 35.921 million, an increase of 573,000, or 1.6 percent over the figure at the end of 1981. The birthrate was 18.8 per thousand; the death rate, 5.4 per thousand; and the growth rate, 13.4 per thousand.

In 1982, our province scored great achievements in all undertakings. However, some problems still exist. The main problems are: Investment in fixed assets has increased by a relatively big margin; financial resources have not been used in a concentrated way; economic results in production, construction, and circulation have been improved only in some fields but not in general; energy supply has been insufficient and the problems in transportation has not been corrected. In the coming year, further efforts should be made to carry out readjustments and to increase production of consumer goods. The heavy industrial departments should further readjust the product mix, expand service avenues, and vigorously support production by agriculture and light and textile industries. It is necessary to strengthen agricultural production and the construction of energy and communications projects; to update and improve existing enterprises in a planned way, by stages and in groups; to carry out reforms of systems, to consolidate enterprises; and to raise economic results and increase revenue so as to make new contributions to creating a new situation in socialist modernization.

CSO: 4006/599

AGGREGATE ECONOMIC DATA

TIANJIN COMMUNIQUE ON 1981, 1982 ECONOMIC DEVELOPMENT

SK160855 Tianjin TIANJIN RIBAO in Chinese 23 May 83 p 3

[Communique on Tianjin's 1981, 1982 Economic and Social Development Issued by the Tianjin Municipal Statistical Bureau on 5 April 1983]

[Text] In 1981 and 1982--the first 2 years of Tianjin's sixth economic and social development 5-year plan period--Tianjin's people, under the leadership of the municipal party committee and government, conscientiously implemented the line, principles and policies defined by the CPC Central Committee and the State Council, worked diligently and in unison for the demand for "laying a foundation, improving standards, stressing economic results and seeking speed" set forth by the municipal party committee, and scored new achievements on all fronts. Steady progress was made in production and construction. The economic structure became more balanced. The municipality's 1982 people's income was preliminarily estimated to be 10 billion yuan (calculated according to the prices of the same year), which was 7.4 percent more than in 1980. The average annual increase in these 2 years was 3.6 percent. The municipality's industrial and agricultural output value was 23.3 billion yuan (calculated at 1980 constant prices), registering a 13.2 percent increase over 1980. The average annual increase in these 2 years was 6.4 percent, exceeding the planned target of 5 percent and the target of 6 percent which the people were urged to strive for. Thanks to the steady growth of industrial and agricultural production, the market became more brisk, prices were basically stable, science and technology, culture, education, public health and sports achieved new progress and the people's living standards continued to improve.

1. Industry

The 1982 industrial output value came to 21.19 billion yuan, up 12.5 percent from 1980. The average annual increase in these 2 years was 6.1 percent, exceeding the planned target of 5 percent and achieving a steady growth. Industry continued to be restructured to make it more balanced and rational. The 1982 light industrial output value was 12.2 billion yuan, 20 percent over 1980. In the entire industrial output value, the proportion of the light industrial output value increased from 54 percent in 1980 to 57.6 percent in 1982. The 1982 heavy industrial output value was 8.98 billion yuan, 3.7 percent over 1980. Production of most of the 43 kinds of products covered by the state's "Sixth 5-Year Plan" showed increases of varying degrees.

The output of major products follows:

Products	1982 Output	Compared with 1981 percent	Compared with 1980 percent
Crude Oil	3.022 million tons	-0.5	-1.7
Electricity	7.5 billion kwh	2.8	18.7
Rolled Steel	1.48 million tons	6.2	9.6
Steel	1.246 million tons	-0.5	-0.3
Cement	818,000 tons	8.0	30.8
Plate glass	558,000 standard cases	36.4	33.7
Soda ash	455,000 tons	0.9	6.5
Caustic soda	212,000 tons	10.5	6.4
Chemical fertilizer for agricultural use (calculated in terms of percentage)	59,000 tons	22.4	-5.9
Motor vehicles	4,979	41.3	-3.7
Tractors	10,303	-3.9	17.1
Bicycles	3.89 million	17.4	32.7
Sewing Machines	690,000	22.8	63.7
Watches	3.002 million	19.8	49.8
Household washing machines	119,000	66.7	10.8 times
Television sets	361,000	-1.6	1.4 times
Cassette recorders	166,000	2.8 times	2.9 times
Chemical fibers	18,000 tons	36.1	1.5 times
Cotton yarn	115,000 tons	7.2	15.5
Cotton cloth	460 million meters	8.0	16.8
Woolen piece goods	8.7 million meters	4.7	13.0
Machine made paper and paper boards	228,000 tons	7.4	0.3
Cigarets	405,000 cases	-1.2	1.7
Detergents	35,000 tons	10.7	19.7

In the course of industrial readjustment, we have strived to improve product quality, increase variety and upgrade and update products at a quicker pace. In these 2 years, we succeeded in trial producing 3,395 kinds of new products, of which 2,299 kinds were put into production. In light and textile industries, we succeeded in trial producing more than 46,000 new designs and specifications, of which more than 28,900 were put into production. The quality of industrial products improved steadily. Ninety-two percent of the 100 major quality indices managed by the municipality rose steadily. Thanks to readjustment of industrial product mix and further measures for energy conservation, enterprises under various industrial bureaus reduced their 1982 energy consumption for every 10,000 yuan of industrial output value by 8.2 percent, as compared with 1980. The average annual decline was 4 percent. Compared with 1981, 80 percent of the 1982 raw material, fuel and power unit consumption indices for 98 major products dipped. Although prices of some raw materials rose, costs of comparable products still dropped continuously. The 1981 figure was 0.01 percent lower than that of 1980, and the 1982 figure was 0.34 percent lower than that of 1981. The 1982 per capita productivity of state industrial enterprises was 0.2 percent higher than in 1980.

In these 2 years, we gained helpful experiences from a series of experimental reforms in the course of economic readjustment. By the end of 1982, the metallurgical industrial bureau, the textile bureau and the medical bureau of the industrial front had conducted experiments in establishing general companies of an enterprise nature. Four enterprise-like companies--an integrated radio company, a petrochemical company, a tobacco and wine company and a silk company--were established. The reform of the distribution system was tried out at local industrial enterprises. Some state enterprises experimented with retention enterprises. Some state enterprises experimented with retention of all their profits. The Tianjin bicycle plant and three other enterprises experimented with the taxation system to replace profit delivery. Some collective enterprises under the Second Light Industrial Bureau also tried out the system of sole responsibility for profits and losses. Many of these enterprises which had conducted experiments not only increased their own income and the income of their workers but also turned in more profits to the state.

Major problems in industry were: Poor economic results were improved only slowly, the industrial and technical structure and the product mix were not completely reasonable, and the standards of industrial and enterprise management were comparatively low.

2. Agriculture

Following the development of diversified undertakings and the implementation of the output-related contract responsibility system, the municipality's rural situation was increasingly improved in the 2 years. Units which instituted the multifarm system of production responsibilities accounted for 95.3 percent in 1982, as against 66.6 percent in 1981. The peasants' production enthusiasm was greatly aroused, and the comprehensive development of farming, forestry, animal husbandry, sideline production and fisheries was promoted. The municipality's 1982 agricultural output value came to 2.11 billion yuan, which was 20.5 percent above 1980. The average annual increase in the 2 years was 9.8 percent (calculated at 1980 constant prices), exceeding the planned target of 6 percent.

The output of major farm produce follows:

Products	1982 Output	Compared with 1981 percent	Compared with 1980 percent
Grain	2.45 billion jin	11.4	-11.2
Cotton	9.02 million jin	1 time	1.8 times
Oil-bearing seeds	88.64 million jin	-1.6	59.0
Pork, beef, mutton	108.92 million jin	-6.0	-10.2
Aquatic products	36,000 tons	33.5	11.8
Vegetables	2.59 billion jin	16.2	15.8

The number of farm machines in use and rural power consumption increased in 1982. Total power capacity of rural farm machines reached 3.46 million horsepower. On an average, the power capacity of farm machines of every 10,000 mu of farmland was 5,000 horsepower, 19.3 percent more than in 1980. Drainage and irrigation equipment for rural use totaled 1.41 million horsepower.

Effectively irrigated acreage was as high as 80 percent of the total farmland in 1982. Rural electricity consumption was 690 million kwh, 3 percent over 1980.

The agricultural production responsibility system promoted specialized technical and occupational divisions and diverse economic combinations. A group of specialized households (key households) with specialized skills and management ability emerged in rural areas. According to incomplete statistics, the municipality had about 100,000 specialized households (key households). A new road was blazed for developing rural commodity production and raising the marketability rate of products.

The Bohai agriculture-industry-commerce integrated complex established by the 15 state farms under the farm administrative bureau developed its production fairly since its establishment. Its 1982 total profit came to 21.14 million yuan, 70.9 percent more than in 1980.

Major problems in agriculture were: The capacity to combat natural adversities was low, nonstaple food production fell short of demand in urban development, rural science and technology were backward and some natural resources were not exploited or fully utilized.

3. Capital Construction

In capital construction over the 2 years, emphasizing reconstruction because of the damage from the earthquake, we accelerated residential housing construction, greatly promoted the Luan He water diversion project and urban construction and increased the production capacity for important daily consumer goods. In capital construction investment, we fulfilled 1.647 billion yuan in 1981 and 1.967 billion yuan in 1982, totaling 3.614 billion yuan in 2 years. The 2 years witnessed completion of 6.986 million square meters of new residential houses in the municipality, more than the total completed in the entire Fifth 5-Year Plan period. The Luan He water diversion project proceeded rapidly. Investment in it was 320 million yuan, exceeding the annual target. By the end of 1982, 7,930 meters of tunnel had been completed, amounting to 82 percent of the total length of the main tunnel; 5 of the 10 inverted siphones of the tunnel had been completed; 55 of the 75 bridges had been built; and some key construction on the 3 pumping stations had also been completed. This has provided favorable conditions for water diversion on the 1983 National Day. These 2 years witnessed 360 million yuan of investments in urban public facilities and municipal construction, which was 71 percent more than the 210 million yuan of investment for the "Fifth 5-Year Plan" period. In 1982 we successfully completed and put into operation the municipality's first overpass in 7 months.

In these 2 years, we completed 12 of the 14 large and medium-sized construction projects which were to be completed and put them into operation, either in complete projects or in single-item projects, as demanded by the state. Our newly added production capacities were 26,000 tons of synthetic fibers from the petroleum chemical fiber plant, 213,000 tons of crude oil from the Dagang Oilfield, 720,000 black-and-white kinescopes from the kinescope plant, 150,000 color televisions from plant No 712, 20,000 tons fiber plant, 213,000 tons of crude oil from the Dagang Oilfield, 720,000 black-and-white kinescopes from

The Kinescope Plant, 150,000 color televisions from plant No 712, 20,000 tons of cold storage capacity in the Hongqi Freezer, 10,000 tons of cold storage capacity in the Zhangguizhuang Freezer, and the 10,000 tons of cold storage capacity in the Chentangzhuang aquatic product freezer. In addition, we invested 2 billion yuan in tapping potential and conducting technical innovations and transformations in the 2 years, achieved good results in producing products in short supply, improving product quality, increasing variety and conserving energy, and accumulated a definite production capacity.

In 1982, construction enterprises completed construction and installation work worth 1.26 billion yuan, up 7.8 percent over 1980. The rate of quality construction increased from 69 percent in 1980 to 76 percent.

Major problems in capital construction were: returns of investment were not good enough and some construction enterprises had such problems as poor management, low efficiency, long construction periods and high costs, which should be solved.

4. Communication, Transportation and Post and Telecommunication

In 1982, the volume of goods transported by railway within areas under the jurisdiction of Tianjin totaled 16.91 million tons, a decline of 5.2 percent from 1980. The volume of goods transported by highway by professional transportation departments totaled 39.02 million tons, an increase of 1.9 percent over 1980. Inland water transported goods totaled 1.049 million tons, a drop of 14.6 percent from 1980. The harbor cargo handling volume was 12.87 million tons, an 8 percent increase over 1980. Post and telecommunications transactions throughout the municipality amounted to 36.41 million yuan, topping 1980 by 15.1 percent.

Current major problems are: communications and postal telecommunications services fail to meet the needs of industrial and agricultural development, key railway transport capacity is insufficient, harbor cargo handling capacity falls short of demand and post and telecommunication are conspicuously backward.

5. Domestic Commerce, Foreign Trade

Markets were brisk, commodity supply became more and more abundant, some commodity which had been in short supply in the past were able to be supplied without limit and a sellers' market was being turned into a buyers' market. In 1982, the municipality purchased 6.83 billion yuan worth of commodities for domestic markets, which was 12.4 percent more than in 1980. Of the purchased commodities, there were 6.07 billion yuan worth of manufactured goods, 13 percent over 1980; and 440 million yuan worth of farm and sideline products, 7 percent over 1980. Total commodity sales were 5.84 billion yuan, 6.5 percent over 1980. The 1982 commodity retail sales totaled 4.3 billion yuan, a 14.7 percent increase over 1980. The average annual increase was 7.1 percent, which exceeded the planned 6.8 percent. Among the retail sales of consumer goods, the retail sales of daily commodities were 26.4 percent over 1980, those of foodstuffs, 12.6 percent, and those of clothes 0.8 percent over 1980. Retail sales of most of major consumer goods showed increases in varying degrees over 1980. For instance, edible vegetable oil showed an increase of 47.2 percent, woolen piece goods 33.6 percent, cotton cloth 2.5 percent, bicycles 109 percent and sewing machines 108 percent.

In 1982, the municipality set up 1,336 shops, restaurants and service centers, overfulfilling the figure of 1,240 assigned by the municipal government for the year. The total number of the municipality's shops, restaurants and service centers exceeded 25,800.

Nineteen eighty-one and 1982 saw a relatively quick development in collective commerce and individual business. The 1982 total volume of retail sales by collective commercial centers increased by 91.4 percent over 1980 and that by individual business centers increased by 13-fold.

The 1982 market price was kept basically stable and the general level of retail prices rose by 2 percent over 1980.

The 1980 total value of commodities procured for export increased by 91.4 percent over 1980. (counted at the planned prices) Exports via the Tianjin Port amounted to \$1.42 billion, a decline of 7.7 percent from 1980.

In 1982, a total of 42,600 people, including foreigners, overseas Chinese and Chinese compatriots from Xianggang and Aomen, came to our province on sight-seeing tours, visiting their relatives and friends, recuperation, investigation, trade, sports and attending international conferences. The annual revenue from foreign exchange totalled \$9.125 billion.

The major problems in commerce are: There are too many links but few avenues in circulation; commercial centers are distributed irrationally and their services are poor; and commercial management and operation need further improvement.

6. People's Living Standards in Both Cities and Countryside

Along with the development of production and the increase of the employed population (in the past 2 years, 240,000 job-seekers have been settled,) our municipality experienced a continued improvement in the people's living standards in both cities and countryside. The 1982 annual wages of workers and staff members and commune members showed that the 1982 average monthly per capita income which can be used for living expenses increased by 4.3 percent over 1980 and the average annual per capita net income increased 17.3 percent.

The amount of durable consumer goods possessed by the people in both cities and countryside increased continually. According to a survey of typical households, in 1982 each 100 households in cities possessed, on an average, 262 wrist watches, 76 sewing machines, 201 bicycles, 80 TV sets, 7 cameras, 13 washing machines and 22 cassette recorders, showing increases in varying degrees over 1980. In the countryside, each 100 households possessed 135 bicycles, 122 wrist watches, 97 radio sets, 63 sewing machines and 19 TV sets. All showed an increase over those in 1980. Along with the rise of consumption level, savings deposits in both cities and countryside also increased. The amount of savings deposits for each person in cities was 248.6 yuan by the end of 1982, an increase of 41.4 percent over 1980, and that for each commune member in the countryside was 62.6 yuan, an increase of 160 percent.

Improvements were made in people's housing conditions in both cities and countryside year after year.

The main problems for people's living standards are: There still are some job-seekers in cities and housing for part of the workers and staff members in cities is still fairly crowded.

7. Public Utilities in Cities

The past 2 years saw a new development in public utilities. In the past 2 years, 2.4 million square meters of roads were newly built and 2.05 million square meters were repaired. By the end of 1982, the roads laid with asphalt or cement totalled 874 kilometers, an increase of 10.8 percent over 1980. More buses were added and bus lines expanded. By the end of 1982, there were, in fact, 1,546 buses and trolleybuses in Tianjin. The length of bus and trolleybus lines totalled 1,846 kilometers. Passengers carried by these buses and trolleybuses totalled 780 million annually. The number of buses or trolleybuses for each 1,000 people was 0.31, an increase of 7.6 percent over 1980. In 1982 the electricity consumed for daily lift in urban areas increased by 16 percent over 1980 and the marketed amount of LPG increased by 10.7 percent. The total length of tap water pipes reached 2.213 million meters, an increase of 13.5 percent over 1980, and the length of sewers totalled 1,320 kilometers, an increase of 18.3 percent.

Some progress was made in improving urban environmental sanitation and beautifying urban appearance. The areas covered with trees, flowers and grass totalled 546 hectare, an increase of 38 hectares.

The main problems in public utilities are: Roads are narrow; buses are crowded and some bus lines are seriously blocked; water supply and drainage equipments are poor and environmental sanitation needs further improvement.

8. Scientific, Technological, Educational, Cultural, Public Health and Sports Undertakings

Graftifying achievements were scored in scientific and technical work thanks to the implementation of the principle of serving economic construction. In the past years, a total of 1,575 scientific and technical research projects were completed with achievements. The ranks of scientific and technological personnel were continually expanded. The whole people-owned units across the municipality employed 149,000 natural scientific and technological personnel, an increase of 21,000 over 1980.

Thanks to the continued implementation of the readjustment principle, the level of educational quality improved. The schools of higher learning across the municipality enrolled a total of 35,500 students, an increase of 4,700 over 1980. To solve the decrease of students of primary and middle schools, the distribution of schools was rationalized and reform of secondary educational structure was continued. The number of vocational secondary schools increased from 17 in 1980 to 21 and that of agricultural middle schools from 24 to 30. These two kinds of schools had a total enrollment of 7,600 students, an increase of 2,200 over 1980. The education for workers and staff members and the spare-

time education were developed rapidly. By the end of 1982, the people receiving the adult higher and secondary education totalled 465,000, an increase of 30.3 percent over 1980.

Cultural departments made new achievements in promoting construction of spiritual civilization and enriching the people's cultural livelihood. The levels of amount and equality of art and literary works were raised. The shows staged by various art troupes were also increased in number. In 1982, 310,000 feature films were projected with a total audiences of 240 million. All professional opera troupes staged 8,600 performances and the number of audiences totalled 7.66 million. In 1982, a total of 190 million copies of newspapers and 5,600 copies of magazines were published, increasing by 23.7 percent and 31 percent respectively over 1980.

New progress was made in public health undertakings in the past 2 years. In 1982, there were 3,548 medical and public health organizations of various levels in Tianjin, an increase of 13 over 1980. The total number of hospital beds reached 23,332, an increase of 2,241 over 1980. Each 1,000 people had 2.77 hospital beds on an average, an increase of 0.27. The number of professional health workers totalled 56,000, an increase of 5,500. The number of professional health workers for each 1,000 people increased from 6.74 in 1980 to 7.24 in 1982. The management of hospitals, the prevention and treatment of diseases and the turnover rate of hospital beds were improved.

Sports undertakings were also developed. The number of sports sites and gymnasiums owned by the departments under the physical cultural and sports committee increased from 20 in 1980 to 25 in 1982 (including stadiums, gymnasiums, swimming pools and the grounds installed with lights where ball games are played). In 1982, five athletes in our municipality won 12 gold medals at the international games. At the national games, three contestants broke national records on three occasions. Tianjin's athletes won 9 gold medals, 10 silver medals and 14 bronze medals at the national games.

The main problems are: The capacity of scientific research and designing is weak; the popularization of science and technology is slow; the development of education for workers and staff members is slow and the levels of cultural, public health and sports undertakings need further improvement.

9. Population and Family Planning

Tianjin's population by the end of 1982 was 7.749 million, an increase of 260,000 over the end of 1980. Of them, population in six districts in Tianjin reached 3.127 million.

The 1982 population growth rate in Tianjin was 20.07 per 1,000, the highest since 1971.

At present, the total number of births is at its peak in Tianjin. The task for controlling population growth is still very arduous. Birth control work must be further strengthened.

CSO: 4006/599

ECONOMIC MANAGEMENT

COMMENTARY ON DEVELOPING COLLECTIVE ECONOMY

SK160517 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 15 Jun 83

[Station commentary: We Should Attach Great Importance to Urban Collective Economy]

[Text] At present, some incorrect practices exist in the development of collective economy. Some comrades hold that collective economy is a low-level sector of the economy and is in a nature of transition. Some hold that the collective economy is a first step for solving problems in employment. These ideas are theoretically wrong and practically harmful.

The document of the 12th Party Congress pointed out: Both the urban collective economy and the state-owned economy are publicly-owned socialist economies and should be carried out under a long-range developmental program. Collective economy is a stable and basic sector of the economy in China. The development of urban collective economy has specific significance for Liaoning Province--an old industrial base.

In order to quadruple our province's industrial and agricultural output value, we should rely on first constructing key projects, then conducting technical transformations among existing enterprises and then developing medium-sized and small enterprises and collective economy. The state does not need to invest money in developing collective economy. It takes less money to develop collective economy and we can realize rapid returns from it.

Compared with some other provinces and cities, our province's collective economy has a long way to go. But compared with our province's state-owned economy, the development of collective economy has been rather rapid.

From 1978 to 1982, the output value of collectively owned industrial enterprises increased at an average annual rate of 10.1 percent, over that of state-owned industrial enterprises by 6.5 percent. As calculated in terms of this growth rate, by the end of this century, the output value of our collectively owned industrial enterprises will reach 50 billion yuan, corresponding to the total figure of the province's current industrial and agricultural output value.

The development of collective economy is conducive to readjusting the enterprises structure and may bring the function of our province as an industrial

base into full play. There are many large enterprises and a few medium-sized and small enterprises in our province. Large enterprises are more and more concentrated on the manufacture of their own spares and accessories and the maintenance of equipment on a large scale, to the neglect of developing fine and top-quality products and applying new advanced technology. Thus, they waste a lot of funds.

The development of collectively owned enterprises cannot only solve this problem but also provide jobs for some unemployed people. In the past 5 years, some 3.2 million young men in our province have been employed. At present, we still have several hundred thousand people awaiting jobs. The further development of urban collective economy not only may solve the problem in employment but also can promote the consolidation of political stability and unity.

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ECONOMIC MANAGEMENT

'BOASTING, EXAGGERATION' IN ECONOMIC WORK CRITICIZED

HK140304 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 11 Jun 83

["Radio jottings" by station special correspondent (Zhou De): Do Not Engage in Boasting and Exaggeration]

[Text] With the constant improvement of the system of contracted responsibilities with payment linked to output and the vigorous development of two households and one combination [specialized households, households doing specialized jobs besides crop cultivation, and economic combination], the broad section of rural cadres have broken away from the previous practice of urging peasants to reap, sow, and hand in statistical figures, and have done a lot of useful work for the development of commodity production.

However, some problems meriting our attention has also emerged in the course of grasping the work of two households and one combination. For example, cadres in some places onesidedly seek statistical figures and percentage as if the greater the figures the more respectable they would feel. As a result, acts of resorting to deception, coercion, and commandism have emerged. A brigade accountant once went to the commune to deliver last year's income statistic forms. The commune cadres, thinking that the figures were not impressive enough, forced the accountant to increase the income by another 30,000 yuan, or else they would not accept the statistic forms. In another commune, the two households and one combination have vigorously developed. However, due to its failure to fully implement the policy, the commune did not honor the contracts as specified. As a result, a specialized household in forestry failed to receive its due remuneration for excavating earth in the past 4 years and for afforesting 60 mu of land. It therefore adopted intercropping and interplanting without paying any attention to the young seedlings. The efforts of afforestation came to nought. In an effort to increase the collective factor, another production brigade paid no heed to the will of the masses. It forced several specialized households in pig-raising into a combination and ran a combined pig farm. However, it failed to solve the problems emerging from the combination. The pig farm was soon dissolved.

The examples cited above reflect a tendency meriting our attention. In our work, the evil practice of boasting and exaggeration has not been fundamentally rectified. Our party has consistently advocated the necessity to set high aims and lofty aspirations and to formulate plans for development. At the same time,

it also has advocated a work style of seeking truth from facts and of working in a down-to-earth manner. The development of two households and one combination indicates that agricultural production is developing in the direction of specialization, mechanization, and socialization. It conforms to the party's policy on encouraging the peasants to become prosperous.

However, we need genuine prosperity and not sham prosperity resulting from a false report or exaggeration. We should realistically help the masses in their problems and should not engage in superficial, bustling activities. With respect to the economic combinations developed on the basis of specialized households, in particular, it is all the more necessary to refrain from forcing them into combinations, or spoil things by excessive enthusiasm. It is absolutely necessary to ensure that the peasants are willing and have the necessary conditions for forming the combinations. Our responsibility lies mainly in providing these economic combinations with service, such as fodder, seeds, seedlings, prevention and control of plant diseases and elimination of pests, technical training, commodity data, and the unclogging of commodity channels. We should do a good job of these things and under no circumstances should we engage in boasting, telling lies, or exaggeration.

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ECONOMIC MANAGEMENT

REASONS FOR POOR ECONOMIC RESULTS OF PROJECTS GIVEN

Beijing JINGJI RIBAO in Chinese 3 Mar 83 p 2

[Article by Lian Weihe [1670 4850 0735]: "Displaying the Results of Projects Put Into Operation Is a Big Question"]

[Text] Last year the departments concerned organized manpower to investigate 560 large and medium-sized projects and single projects that has been completed and put into operation over the past 3 years. Results of the investigation showed that 176 of them have not displayed sufficiently good economic results, which was about one-third of the total number of projects completed and put into operation. This situation lowers the results of capital construction investment and wastes the state's construction funds.

Based on the investigation's data, the projects that normally were unable to display beneficial results can be roughly divided into the following six types:

1. Product sales were not good. A total of 42 projects belonged to this type. This was because the departments and units concerned had not investigated the market, had not done research, and had blindly begun projects, creating a situation in which product sales were not good, and even forcing a limit on production, a shift in production, or a stop in production.
2. The supply of raw materials, fuels, and motive power was insufficient. There were 41 projects of this type. The main reason for this situation was that the conditions for completing the construction of a factory were not conscientiously implemented, in particular the external conditions for the supply of raw materials, fuels, and motive power after the factory was put into operation were not given a base, no economic contracts were signed with supply units, and the coordinated relationship between factories was neglected. This "cooking without rice" and "cooking without firewood" caused the projects, after being put into operation, to lack the basic conditions for production so that they had to stop production. This was the situation in 14 sugar refineries throughout the country; 14 other projects, because of an insufficient supply of crude oil and natural gas, were unable to engage in normal production.
3. The planned arrangements were not strict enough. There were 30 projects of this type. The main manifestations of this situation were that

construction was not synchronized, the capabilities deployed did not form a complete set, and attentive and satisfactory consideration was not given to the conditions for external coordination, so that it was hard to form an overall production capacity. For example, after some mine, tunnel, and mine opening projects were completed in good fashion, it was only because the installation of ventilation and heating equipment had not kept pace that they were unable to go into operation; some railroads were built well, but because the construction of coal mines was not completed and the mines did not produce coal, the railroads were forced to remain idle the whole year round.

4. The surveying and designing work was not attentive and satisfactory. A total of 23 projects were of this type. Some projects were started hastily, and with the urgent demands made on them attention was paid to feasibility studies; a reasonable period of time was not given to survey and design work; the picture of the situation in hydrology, geology, and natural resources was not clear; the technical data was incomplete; and there were fairly many mistakes and flaws in the design blueprint. Under these circumstances, to start a project meant that after it was completed and put into operation, there would be sequelae and it would not be able to attain the desired production capacity.

5. Technology was backward, equipment was not up to standard, and engineering quality was poor. A total of 21 projects were of this type. Some construction units did pay attention to scientific and technological progress, did not adopt advanced technology, and continued to use old technology in building new factories, so that once work was completed they had to carry out technological transformation. On some projects, when adopting new technologies, attention was not paid to conducting scientific experiments, and failure resulted because the technologies were not up to standard, or the project was reluctantly put into operation and frequent breakdowns occurred. Thus, work was done in fits and stints, and the factory was unable to maintain normal productions.

6. Other reasons. A total of 19 projects were of this type. Some were subjective reasons and others objective reasons. For example, in construction there were quite a few projects left over, unilateral cancellation of economic contracts, changes in the conditions for external coordination, natural disasters, etc.

These situations turned up by the investigation indicate that from now on the capital construction planning organizations at all levels must, with regard to construction projects, be cautious in making decisions, conscientiously conduct feasibility studies, and avoid faults when making macro-economic decisions. Next, survey and design work must be strengthened by formulating norms for a project's time limit, giving sufficient time for surveying and designing, and not using the method of administrative orders to set a deadline for coming up with blueprints. Third, new technologies must be vigorously adopted, and the technological progress of all trades and professions must be accelerated. Technologies that are immature or not up to standard are not to be adopted blindly. Finally, the management of capital construction must be strengthened, the contract responsibility system put into practice, the qualities of engineering improved, and disputes over trifles eliminated.

FINANCE AND BANKING

NINGXIA 1982 FINAL ACCOUNTS, 1983 BUDGET REPORT

HK170731 Yinchuan NINGXIA RIBAO in Chinese 18 May p 2

["Persist in Reform, be Bold in Blazing New Trails, Strive To Create a New Situation in Financial Work--excerpts from a report by Lei Ming, deputy chief of the regional financial bureau, to the first session of the fifth regional people's congress on 20 April"]

[Text] On 20 April 1983, Lei Ming, deputy chief of the regional financial bureau, delivered to the first session of the fifth regional people's congress a "Report on the 1982 Final Accounts and the Draft 1983 Budget."

The report says: Under the correct leadership of the CPC Central Committee, the State Council, and the regional CPC committee and people's government, we have achieved notable results in increasing production and practicing economy in the financial work of our region by continuously straightening out our guiding ideology, conscientiously implementing the eight-character principle for readjusting the national economy, and vigorously improving economic results. In 1982, with the concerted efforts of the people of all nationalities in our region, we reaped a relatively good harvest in agricultural production despite serious natural disasters in the mountain areas; the situation in industrial production has gradually taken a turn for the better: in commerce, there is brisk buying and selling and the market is getting busier with each passing day; and our revenue has begun to pick up. We have overfulfilled the financial task for the whole year and achieved a balance between revenues and expenditures, with a little surplus.

The local revenue for the whole year was 143 million yuan, or 112.2 percent of the readjusted annual budget, which showed an increase of 4.3 percent over the previous year. Our expenditure for the whole year was 571.13 million yuan, or 79.6 percent of the readjusted annual budget, which showed an increase of 23.9 percent over the previous year. Due to the fact that we have strengthened management, the effect of fund utilization has also improved to some extent.

Our revenue for the whole year amounted to 780.82 million yuan. Of this subsidies from the central authorities came to 459.73 million yuan, accounting for 80.5 percent of the total expenditure that year. The accounts showed a balance of 177.44 million yuan. According to the stipulations, the amount carried over for use next year amounted to 103.49 million yuan. The net balance in the local financial accounts amounted to 73.94 million yuan.

Judging from the implementation of the 1982 budgetary revenues and expenditures, the financial situation in our region was fine. It reflected both the great concern of the party and state for the areas inhabited by the minority nationalities and the achievements scored by the people of all nationalities throughout the region and by the broad sections of financial cadres, tax collectors, and accounting personnel. In 1982, we achieved notable results in increasing revenue and reducing expenditures by further strengthening financial management, consolidating financial discipline and the financial work of enterprises, conducting tax-paying registration in an all-round way, and conducting a general inspection of taxation and financial affairs. However, due to our low management level and our failure to conduct a thorough investigation and study and to enforce supervision and inspection, we were still confronted with some problems in our work. This found concentrated expression in the decentralized managements of our funds, the relatively low effect of fund utilization, the excessive amount carried over from the previous year, the relatively big gap in the economic results of enterprises compared with the best level in the past, the increase of losses, and the lax management of the extra budget funds, which greatly affected other plans. Unhealthy tendencies, such as indiscriminate issuance of bonuses, have not been checked and are still fairly serious in some units. All these show that the task of achieving a fundamental turn for the better in the financial situation of our region is still a very arduous one.

The report says: Our guiding ideology for the arrangements of the 1983 budget in our region is as follows: Continue to implement the eight-character principle for readjusting the national economy and, while stressing the improvement of economic results, vigorously conduct reform, promote the development of production, unclog the channels of circulation in relation to production, supply, and marketing, broaden the sources of income, reduce expenditures, and increase revenue; in accordance with the basic principle "first, the people must have sufficient food; second, socialist construction must be carried out," strictly control the scope of capital construction and, on the basis of ensuring the key projects, rationally make arrangements for various expenditures. The funds needed for the strategic priorities, such as agriculture, energy, and transport, and education and science, must be increased to some extent year after year and, to the best of our financial capability, we must make good arrangements for production and the people's livelihood in the disaster areas, further strengthen budget management, pay attention to improved methods of acquisition, accumulation, and spending, and persist in achieving a balance between revenues and expenditures with a little surplus. Our views for the specific arrangements are as follows: The local revenue for the whole year is expected to be 143.66 million yuan, an increase of 0.5 percent over the final account figure of last year, or an increase of 6.8 percent if calculated in terms of comparable items. The accounts show a net loss of 9.18 million yuan for enterprises, a reduction of 8.2 percent over the final account figure of last year; industrial and commercial taxes come to 142 million yuan, and agricultural and livestock farming taxes come to 7.71 million yuan. All the revenues are fairly reliable. The cause for the marginal increase lies mainly in the increase of relief grain and grain resold by the state to the mountain areas in the south, which increase the losses of grain enterprises and increases price subsidies by more than 14 million yuan. Arrangements have been made for a loss of 10 million yuan by coal enterprises at the regional level. However, they incurred a loss of 7.68

million yuan from January to March this year. It is imperative to adopt effective measures to vigorously reduce the losses, increase surpluses within the specified time, and refrain from making up for excessive deficits in order to ensure the fulfillment of the regional task for revenue.

The expenditure for the whole year is expected to be 674.24 million yuan, an increase of 18.1 percent over the final account figure of last year. In addition to local revenue, 402.23 million yuan comes from subsidies by the central authorities, 103.49 million yuan from funds carried over from last year, and 24.85 million yuan from the net financial balance of last year. The main items have been arranged as follows:

Allocations for capital construction are 101.6 million yuan, an increase of 12.6 percent over the final account figure of last year if calculated in terms of comparable items. Of this, 52 million yuan is for capital construction projects under local overall planning and 37.03 million yuan for capital construction projects paid from the local funds. Of the funds raised at the regional level, 9 million yuan is to be used at the Guhai pumping project in order to give scope to its effect as soon as possible and to change the dry outlook of the mountain areas which will gain benefit from it; 5.13 million yuan is to be used for the nationality cadre school, the Guyuan teachers' training school, and the industrial school; 2.1 million yuan is to be used for the construction of the comprehensive wards and clinic attached to the Ningxia Medical College; 7.5 million yuan is to be used for investment in textiles and other light industries, such as the Pingluo sugar refinery, the knitting wool plant, and the polyester fiber reeling plant.

Expenditure for supporting agriculture is expected to be 136.14 million yuan, an increase of 19.1 percent over the final account figure of last year. Of this, expenditures for supporting production in rural communes, production brigades, and teams are 63 million yuan, an increase of 37.9 percent over the final account figures of last year. Investment for people's communes is increased to 9.77 million yuan, which is to be used primarily in developing animal husbandry, forestry, and rural electrical undertakings. An amount of 2.13 million yuan will be used to subsidize communes, production brigades, and teams in opening up wasteland and 2.55 million yuan is to be used to support communes, production brigades, and teams in developing diversified undertakings.

Expenditures for cultural, educational, scientific, and health undertakings are expected to be 157.71 million yuan, an increase of 15.7 percent over the final account figure of last year if calculated in terms of comparable items. Judging from the implementation of budgets in previous years, a portion of the reserve funds of cities and counties will be used in the cultural and educational fields. Therefore, at the end of the year, its growth will be higher than the current growth level.

Expenditures for tapping potential and carrying out technological transformation and for conducting 3 scientific and technological projects are expected to be 24.21 million yuan. Of this, in addition to special allocations by the central authorities, arrangements have been made for allocating 11.96 million yuan for tapping potential and carrying out technological transformation, an increase of 48.3 percent over last year; expenditures for conducting 3 scientific and technological projects are expected to be 12.25 million yuan, an increase of

54 percent over the final account figures of last year. All these funds are primarily used to support the existing enterprises in tapping potential and in conducting reform and technological transformation and in promoting the development of scientific and technological undertakings.

The circulating capital of enterprises is 12.32 million yuan, an increase of 14.5 percent over the final account figure of last year. This capital should primarily be used in commercial enterprises and in those enterprises which do not have sufficient capital to manufacture marketable products.

Expenditure for the maintenance of cities is 16.78 million yuan, an increase of 8.3 percent over the final account figure of last year. In addition to normal expenses, 3 million will be used in transforming the old city of Yinchuan.

Pensions for the disabled and the families of the deceased and social welfare and relief funds are expected to be 35.23 million yuan, an increase of 61.2 percent over the final account figure of last year. Of this, relief funds for the disaster areas came to 26.87 million yuan, an increase of about 100 percent over the final account figure last year. Arrangements have been made by the central authorities and local government to allocate 50 million yuan as disaster relief funds in 2 years, which accounts for 1/3 of the annual local revenue. It should be said that we have made the greatest efforts and that it is impossible to allocate more funds. At present, in addition to managing and utilizing the funds well and improving economic results, it is necessary to concentrate our attention on mobilizing the masses to open fall avenues of production and to provide for, and help themselves, by engaging in production.

Administration and management expenses are expected to be 66.36 million yuan (including the 3.24 million yuan carried over from last year), an increase of 22.6 percent over the final account figure last year. With the exception of utilizing the increased portion in readjusting salaries and wages, establishing more institutions for the public security organ, procuratorial organs and people's courts, adding staff members, paying for the balance in fixed budget amount, building houses for retired old workers, training cadres, repairing run-down houses, and purchasing equipment, the last year's level of expenditures has basically been maintained.

Total reserve is expected to be 26.36 million yuan, which accounts for 4.8 percent of the budgetary expenditures for 1983.

The growth of the 1983 total budgetary expenditures is not only greater than that of last year but also higher than the growth level in the whole country. It can basically cover the needs of key construction projects in our region and the development of various undertakings. The funds cannot be regarded as insufficient and the key lies in improving the effect of fund utilization.

The 1983 task for subscribing for state treasury bonds in our region is 16.7 million yuan. Of this, the task set for individual workers and staff members is 8.2 million yuan, an increase of 0.4 million yuan over last year; the task set for the peasants is 1.8 million yuan, an increase of 0.3 million yuan over last year; the task set for state organs, departments, enterprises and collective enterprises is 6.2 million yuan; and the task set for the people's governments at various levels is 0.5 million yuan. The state has set the task of

collecting key construction funds for energy and transport at 10 million yuan and this quota will not be changed for 3 years. The targets of collection are from various extra budget funds, from which a 10 percent collection will be made without exception.

The report finally says that our principal tasks for the 1983 financial work are as follows:

1. Emancipate the mind, be brave in blazing new trails and strive to become promoters of progress in reform. At present, the financial departments should place the stress of reform on the substitution of taxes for delivery of profits. The implementation of the system of substituting taxes for delivery of profits in state enterprises constitutes a major reform of the economic management system. In handling the distribution between the state and enterprises, the substitution of taxes for delivery of profits represents an orientation for the reform. It will fundamentally change the situation characterized by unified expenditures and revenues and the practice of everybody eating from the same big pot," further expand the decision making power of enterprises, fix the distribution between the state and enterprises in the form of a tax law, and thus more vigorously encourage enterprises to develop production and reinvigorate the economy.

Since the 3d Plenary Session of the 11th CPC Central Committee, some achievements have been scored in the reform of the financial management system. On the basis of constantly summing up experiences, we should further improve it in order to blaze new trails in the overall reform of the financial management system.

2. Straighten out the guiding ideology, vigorously achieve better economic results, open up all financial resources, and increase revenues. It is necessary to work in close coordination with the relevant departments and enterprises, institute the economic responsibility system in an all-round way and, in accordance with the principle of integrating responsibility and power with interests, set up a realistic and scientific system of assessment quotas so that all people are concerned about the operational achievements and the economic results. Conscientious efforts should be made to strengthen management over financial affairs and accounting. It is necessary to regard this work as an important factor in the consolidation of enterprises, energetically institute the internal economic accounting system, and improve results and increase revenue through management and accounting. It is necessary to pay attention to the methods of spending, oppose extravagance and waste, and thoroughly change the situation characterized by waste and indifference to effect. Leading bodies at various levels should support financial personnel in doing their duties and observing the financial system in an exemplified way. The financial personnel should abide by principle, and dare to struggle against all acts in violation of the financial system.

3. Concentrate funds to ensure the needs of key construction projects. The decision of the state on collecting key construction funds for energy and transport represents an important measure for carrying out the principle of the 12th CPC Congress on concentrating funds to ensure key construction projects. The

financial and tax departments at various levels should, under the unified leadership of the local government, work in close coordination with the relevant departments, persist in acting according to policies, and calculate tax according to the tax rate in order to ensure the smooth collection of taxes. The issuance of state treasury bonds also constitutes an important measure by which the state amasses funds. It is hoped that the governments at various levels will further strengthen organizational leadership, unfold publicity and mobilization work in an extensive and deep-going way, conscientiously carry out policies and, on the basis of conducting thoroughgoing and painstaking ideological work, mobilize the masses to subscribe for the bonds of their own free will in order to ensure the satisfactory completion of the task of issuing the 1983 state treasury bonds.

4. Strengthen management over extra budget funds and tighten control over the scope of investment in fixed assets. The key to controlling the scope of investment on capital construction lies in exercising strict management over extra budget funds. It is necessary to strengthen planned management over the use of these funds and utilize them in strict accordance with the stipulation. Extra budget funds should primarily be used in speeding up the renewal of equipment, technological transformation, and the improvement of products, with the stress laid on expanded reproduction by intension. It is necessary to strengthen planned guidance, coordinate our activities, keep our balance, exercise supervision, and conduct inspections so that the utilization of these huge funds can suit the needs of overall interests.

5. Strengthen the various systems and the cadre ranks and constantly raise the level of financial management. At present, we are experiencing a new historical period of overall reform. Our financial and taxation tasks and the task for reforming the financial management system are very arduous. This makes it necessary for us to suit our ideology and work to the needs of the objective situation and, in accordance with the policy decision on reform made by the CPC Central Committee, constantly improve the various financial management systems. It is absolutely necessary for the financial departments at various levels to rectify their ideological, leadership, and work style, go deep into the realities of life, conduct investigation and study, conscientiously study policies and professional knowledge, be bold in conducting experiments and blazing new trials, gradually seek a new way for managing financial affairs under the new situation, and strive to create a new situation in financial work.

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FINANCE AND BANKING

TAX-PROFIT REFORM TESTED BY 10 ENTERPRISES

Fuzhou FUJIAN RIBAO in Chinese 10 Mar 83 p 1

[Article by Huang Jiaxin [7806 1367 0207]: "Ten Enterprises in Province Try Out System of Substituting Taxes for Profits Delivered to State"]

[Text] Since 1981, 10 state-run enterprises in Fuzhou city and Zhangping and Fuqing counties in this province have carried out experiments in the reform of substituting taxes for profits delivered to the state and being responsible for their own profits and losses. Practice over 2 years has proved that this reform is highly beneficial to getting rid of the various malpractices of eating "out of the same big pot" and that it benefits the state, the enterprise, and the individual.

In Fuzhou city six enterprises engaged in printing and packing, in Zhangping County three enterprises engaged in light industry, and in Fuqing city one enterprise engaged in light industry have practiced in the past 2 years the method of "state collection of taxes, payment of costs, independent accounting, and responsibility for one's own profit and loss." Under circumstances in which they could "not eat their fill" and there was insufficient linkage of production and marketing, they still obtained gratifying economic results. The output value of the 10 enterprises in 1981 was 31 percent higher than in the prereform year of 1980, and the output value in 1982 was 8.8 percent higher than in 1981. In 1981 they made 24 percent more profit than in 1980, and in 1982 four percent more than in 1981. In 1981 the enterprises turned over to the state 5.3 million yuan in taxes, nearly 26 percent more than in 1980, and in 1982 they turned over 4.2 percent more than in 1981. The average annual profit retained by the enterprises was over 2 million yuan; for worker and staff welfare and bonuses there was a corresponding growth because "when the river rises the boat goes up"--particular things improve with the improvement of the general situation. According to statistics for the six experimental units engaged in printing and packing in Fuzhou, the amount of bonuses issued to workers and staff was 19.3 percent more in 1982 than in 1981. This series of figures indicates: giving expression to the spirit of the policy of the state taking the big share, the enterprise the medium-sized share, and the workers and staff the small share further improves the distributive relationship between the state and the enterprises.

From a look at the situation when the reform of substituting taxes for profit delivered to the state is tried out, the reform has promoted the consciousness of enterprises for improving administration and management, and is able to closely integrate responsibilities, rights, and interests. The tax turned over to the state and profit retained by enterprise are regularized and multi-use law. The fact that enterprises must pay taxes in a timely and full fashion is advantageous for stabilizing the state's financial income and gives play to the role of taxation as an economic lever. The profit retained by an enterprise can be allocated and used by itself, expands its power to act on its own; it is advantageous for "self-aiming," propagating on its own and expanding reproduction; it makes for better renewal and replacement of equipment, raises production capacity, and enlivens the economy. Departments concerned are now summing up experiences and preparing to spread them gradually throughout the province.

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FINANCE AND BANKING

BRIEFS

HAINAN STATE FUNDS--The Ministry of Finance and the Guangdong Provincial People's Government recently appropriated 1.85 million yuan to Hainan District to help its old revolutionary bases to develop agriculture and livestock breeding and to improve people's livelihood and welfare work. Eighty percent of these funds are interest-free loans and are used to develop tropical industrial crops and household livestock breeding. Twenty percent of these funds are loans issued gratis and are used to help people in the old revolutionary bases to build villages, to repair roads in villages, and to build small bridges. At present, Hainan District has appropriated these special funds to 241 villages in the old revolutionary bases. [HK161444 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 10 Jun 83 HK]

CSO: 4006/610

MINERAL RESOURCES

INDISCRIMINATE MINING IMPERILS GOLD, ANTIMONY MINE

Beijing JINGJI RIBAO 9 Mar 83 p 1

[Report by reporter Xu Dehuo [1776 1795 3499]: "Gold and Antimony Mine in Hunan Faces Serious Damage"]

[Text] In Xishao County, Hunan, the Longshan Gold and Antimony Mine, because of indiscriminate mining and digging by units of the Longshan Forestry Center in Xianshao County, faces serious damage and serious consequences.

The Longshan Gold and Antimony mine is located on the border between Xinshao and Lianyuan counties, and from 1975 to the present it has been continually prospected. The Nos 1 and 2 veins have been basically prospected, indicating that they contain large amounts of gold and antimony and that there is mineral intergrowth of gold, antimony, and arsenic. The mine's economic value is high, its conditions for production and construction are good, and it can be mined with fairly inexpensive methods. The state's Gold Bureau has listed this mine in its capital construction plans for the Sixth 5-Year Plan.

This kind of mine should be protected. However the staterun Xinshao County Longshan Forestry Center, in order to resolve its own economic difficulties, without getting permission from the department in charge, beginning in November 1980, opened a tunnel at the No 6 ore body of the No 2 vein, where it mined antimony and sold it. The leading comrades of the Hunan provincial government on many occasions instructed the county to solve this problem, but the county government procrastinated and would not come to a decision. Because of the indiscriminate mining, the following serious consequences have already been created:

1. A serious waste of natural resources. The forestry center does not have ore-dressing equipment for gold, so it extracts antimony but not gold, and in extracting over 1 meter of antimony ore 9 meters of gold are lost. For every ton of antimony ore extracted, although the forestry center was able to make 100 to 150 yuan, it caused the state to lose \$1,400. In addition, there is no way to mine and recover the arsenic, which is of economic value.
2. The state's prospecting cannot be carried out. There is a prospecting department's tunnel at both the 800-meter elevation and the 880-meter

elevation. The tunnel excavated by the forestry center violates the State Council's safety regulations by endangering the safety of the above-mentioned two tunnels.

3. If the indiscriminate mining is not stopped, there will be no way to carry out mine construction in 1983 and 1984. Because of the damage done to the entire arrangement of the mine's chief sector, the mine's production will be adversely affected for a long time.

At present the No 5 vein of the Longshan Gold and Antimony Mine is being mined by the Dongshi Commune in Xinshao County, and its No 11 and 12 veins are being mined by the Longsha Forestry Center in Lianyuan County. If this mining is not stopped as soon as possible, it will cause the state heavy losses. The Mineral Reserves Commission of Hunan Province and the province's gold company have called on the departments concerned to solve this serious problem as quickly as possible.

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MINERAL RESOURCES

BRIEFS

HEILONGJIANG GOLD OUTPUT--Heilongjiang Province's Muling gold mine produced 610 liang of gold from 15 April to the end of May, a 89-percent increase over the corresponding 1982 period. In 1982, they overfulfilled the gold output plan of 1,200 liang and produced 3,021 liang of gold. [Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 2 Jun 83 SK]

CSO: 4006/610

INDUSTRY

NINGXIA SEEKS DEVELOPMENT OF ELECTRONICS INDUSTRIES

Yinchuan NINGXIA RIBAO in Chinese 21 Apr 83 p 2

[Article by the Deputy director and Deputy chief engineer of Ningxia Electronic Instrument Plant, Yang Yunsheng [2799 0061 3932]: "Vigorously Develop Ningxia's Electronics Industry"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, especially since 1981 when the new principles of scientific and technological work were implemented. Ningxia's scientific and technological battlefronts, including the scientific and technological work of the electronics industry, have been part of an active, vigorous situation. Take the electronics industry as an example: We have already achieved notable superiority in two products, namely the meteorological instruments for agriculture and forestry and power insulation surveying instruments. However, comparing Ningxia's electronics industry with that of the other provinces and cities, there still is a large gap. Our district contributed only 0.1 percent to the national gross output value of the electronics industry in 1982. In order to develop Ningxia's electronics industry, some of our experiences are discussed as follows:

1. We must overcome the fear of difficulty and make a great effort to develop new products. Today, electronics technology has already been extensively and thoroughly applied in different sections of the national economy. Though late in starting, Ningxia's electronics industry still has a great potential for development. The change adopted by Yinchuan [6892 1557] Electric Meter Instrument Plant which produces meteorological instruments for forestry and agriculture marketable across the country, is a vivid example. "Shuan Feng" brand washing machines, a household electrical appliance produced by Ningxia, have been well received by the masses. Perhaps some comrades will think that Ningxia's electronics industry is weak, and that it contributes little to the whole region's output value, profits and tax income, and that we have lost more than we gained in developing the electronics industry. This is a very shallow thought. There is an electronics industrial plant in Wuxi [3541 6932] which employs 2,000 people and yielded 60 million yuan in last year's total output value. We should make use of the electronics industry's special features, such as low energy consumption, low dependence on resources, and an easy and quick turnover, and make a great effort to develop this industry.

2. We should practice unified, centralized leadership and cooperate with one another. There are not many electronics industrial enterprises in Ningxia, but their management is scattered and they are responsible to different units. Without a unified program and an overall plan, the enterprises are isolated units and it is difficult for them to achieve anything without support. Reforming the administrative system, integrating the several medium and small-sized enterprises using sure methods, practicing unified, centralized leadership, formulating development programs and thorough plans and increasing competing power are ways to accelerate the development of the electronics industry. For example, in producing high voltage generators, our plant consumes 150,000 yuan annually of high pressure silicon. If the high pressure silicon were assigned to be produced by Yinchuan [6892 1557] Radio Plant, they would have a comparatively stable output volume, and our plant would be able to spare the energy to develop other products. When integrated bodies are formed, these problems will be solved.

3. We must make a great effort to develop agricultural meteorological instruments and power insulation surveying instruments and further expand our superiority in these areas. Agricultural meteorological instruments and power insulation surveying instruments are the two superior products processed by the Ningxia electronics industry.

The establishment of a new era in the electronics industry by treating the electric meter plant and the electronics instrument plant as the core is the key step in promoting Ningxia's electronics industry at its present stage. At present, the direction of production of these two plants is correct, and they are expeditions. The strengthening and expanding of their existing superiority can accelerate the development of Ningxia's electronics industry.

12365

CSO: 4006/550

INDUSTRY

BRIEFS

METALLURGY MINISTER TO BRITAIN--London, 11 Jun (XINHUA)--Chinese Minister of Metallurgy Li Dong Ye, who is concluding a 10-day visit to Britain, said today that he was impressed by the experience of Britain's steel industry in transforming old enterprises into new ones. Their experience, Li said, was useful to China's steel industry which was looking forward to further cooperation with British corporations in technology and designing. During his stay in Britain, Li, leader of the Chinese delegation, toured some steel works of the Davy McKee Ltd. and the British Steel Corporation. He also visited the "48" group which has had trade relations with China since early 50's and some other engineering and construction contract corporations. Li called on British Secretary of State for Trade Lord Cockfield on June 2, one day after his arrival here. He leaves for home tomorrow. [Text] [OW120414 Beijing XINHUA in English 0109 GMT 12 Jun 83]

SICHUAN DEFENSE INDUSTRIAL ENTERPRISES--In cooperation and coordination with factories for the production of products for civil use, defense industrial enterprises in Sichuan Province have established some 20 economic combined undertakings. Some 170 enterprises have taken part in the establishment of these economic combined undertakings. At present, products, such as motor cycles, television sets, bicycles, and radio-recorders, produced by these combined undertakings, have gone on the market and been welcomed by people. [HK141416 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 25 May 83 HK]

CSO: 4006/610

CONSTRUCTION

TIANJIN OFFICIAL DISCUSSES SIGNIFICANCE OF RIVER DIVERSION

Beijing JINGJI RIBAO in Chinese 19 Apr 83 p 2

[Article by staff reporters Guo Mousheng [6751 5399 3932], He Dongxian [0149 2639 2009]: "The Great Significance of the Project of Diverting the Waters of the Luan River to the Tianjin Area--Discussed by Li Ruibei [2621 3843 2637]"]

[Text] The project of diverting the waters of the Luan River to the Tianjin area, the focus of national attention, has already entered the critical stage. Before this year's National Day, the sweet waters of the Luan River will flow steadily into Tianjin. What is the great significance of this project? Since this is a question of popular concern, the reporters, on the afternoon of 14 April, interviewed the secretary of the Tianjin Municipal CPC Committee, the mayor and the commander of the Luan River diversion command unit, Comrade Li Ruibei [2621 3843 2637].

Talking about the great significance of diverting the waters of the Luan River, Li Ruibei frankly said, "The more than 7 million people in Tianjin Municipality who are concerned with drinking water and water consumption. Every spring, what they drink is bitter, salty water which has more than 1,000 milligrams of chloride per kilogram. Daily industrial consumption of river water drops from 700,000 cubic meters to 450,000 cubic meters, industries with high water consumption, such as textiles, printing and dyeing and papermaking, sometimes must stop production completely or partially. All grainfields are forbidden to use the water of the Hai [Sea] River while the water consumption for irrigation of vegetable fields is severely restricted. Since the underground waters have been excessively withdrawn, the ground level of Tianjin Municipality has severely submerged. The water level of the Hai River, upon which Tianjin Municipality depends heavily once dropped to 0.48 meters lower than that of the Dagou [2192 3114] water level, one-third of the water pumps installed by the waterworks at the Hai River stopped, resulting in lack of pressure in the municipality's tap water with no water available above the third floor level. No water was available for beautification of the city or for general sanitation. Like the masses say, 'the CPC Central Committee and the State Council's action to divert the Luan River delivers 'lifesaving' water to us."

Li Ruibei said Tianjin is an important industrial base of our state. It has more than 4,000 large and small enterprises, an annual gross industrial output valued at more than 20 billion yuan, an annual tax turnover of more than 4 billion yuan, and 80 percent of its commodities supply areas countrywide or are for

export. The economic development of Tianjin is closely bound with that of northern China and northwestern China. The diversion of the Luan River not only will affect the standard of living of the people of Tianjin and its production, but also the overall situation in the national economy. It is thus clear that the quality of this project and the length of time needed to complete it play a decisive part in our state's economic construction and in the realization of the 12th Party Congress' great strategic goal of quadrupling our gross annual value of industrial and agricultural output by 2000.

Li Ruibei succinctly introduced the following conditions which will mean "conservation which will change disadvantages into advantages and the useless into useful." The water of the Luan River is ideal industrial water. It also is first-grade drinking water. However, several billion cubic meters flow annually into the sea, and during periods of flood, the river will overflow its banks and run rampant. After the projects of Panjiakou [3382 1367 0656] Reservoir and the diversion of the Luan River into Tianjin are completed, this situation will be changed and disadvantages will become advantages. These projects also will free the Hai River of Tianjin whose reservoirs, after reconstruction, can become transportation routes with an annual capacity of around 30 million tons. Compared with railroad construction, this will save tens of billions of yuan. Therefore, the projects not only will reduce transportation costs and solve the transportation problems between the north and the south, but also will have great strategic significance in the effort to make Tianjin into the economic center of the northern China and a foreign trade center.

Li Ruibei also said that another great significance of the diversion of the Luan River lies in the reform, cooperation, coordination and selfless struggle as evidenced by the project; spirit of communism. And an added significance is its providing beneficial enlightenment for the acceleration of construction projects. After touring the diversion project, some foreigners have said with excitement, that because of this project, it will be possible for China to quadruple [its total agricultural and industrial output value] by the year 2000. If even foreigners show this kind of excitement; we Chinese should be greatly strengthened in our determination and confidence to accelerate economic construction and the realization of our strategic goal. It is evident that the diversion of the Luan River is not only important economically, but has an important political meaning as well.

After the interview, we walked in the Hai River Park, which was under construction, and thought of this poem about the Luan River written by the poet of the Yuan Dynasty, Gao Shunzheng [7559 7311 6297]: "Like a meandering shadow, the river valley sits there watching the past and the present fly by. Why don't you travel with the wind and the clouds, changing into rain in order to benefit the world?" For several hundred years, this was only a wish of the people. But today it can be fulfilled. Soon, the waters of the Luan River will ride the clouds and the winds and, like the sweet rainfall, scatter onto the dry land and flow into the people's hearts.

12365

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CONSTRUCTION

INTERVIEW WITH SHANDONG GOVERNOR ON CONSTRUCTION

SK151002 Jinan Shandong Provincial Service in Mandarin 2300 GMT 14 Jun 83

[Text] According to JINGJI RIBAO, Liang Buting, governor of Shandong Province, was interviewed by a reporter at the boarding place of deputies of the Sixth NPC session on 9 June. He said: Premier Zhao Ziyang has pointed out in his government work report that the country as a whole must support key projects and the whole working class and the people of various nationalities must do their bit to speed up the construction of key projects. Our Shandong governments at all levels and all the people have determined to respond to this call, promote glorious traditions, and try their utmost to support key projects of the country as they supported the frontline in those years.

Liang Buting is 62 years old. During the war years from 1938 to 1979, he fought for a long time in the border areas of Jiangsu, Shandong, and Henan and of Hebei, Shandong and Henan. He had personal experience in organizing the work on supporting the frontline in those years. After recalling with deep feeling the touching scene of those years when the people in Shandong's old revolutionary base areas devoted manpower and materials to deliver ammunition, transport army provisions, and carry stretchers and when thousands and thousands of families and households enthusiastically supported the frontline, he said: Strengthening energy and communications key projects is crucial to the future economic construction. The state has arranged a fairly large number of large and medium-sized construction projects in Shandong. Of this, 37 projects are to be carried out during the Sixth 5-Year Plan period, and 5 projects, including the Yanzhou-Shijiusuo railway, the Shijiusuo harbor, the multiple-track project of the Jiaozhouwan-Jian railway, the Yanzhou coal base, and the Yantai synthetic leather plant, are listed as the state's key construction projects. At present, except for the Yantai synthetic leather plant, which has been completed, the other four projects are being vigorously carried out. The tasks for supporting the construction of key projects shouldered by the people in Shandong are as significant as those they shouldered during the years when they supported the frontline to win a victory.

Liang Buting said: Key projects have a vital bearing on the whole situation of the state and the long-term interests of the people and the masses. Safeguarding key projects means safeguarding the interests of the state, the

localities, and the masses. In the course of the already carried out key project supporting work, we have adhered to the principle of giving four priorities--giving priorities to (?moving work sites), to transferring construction forces, to supplying building materials, and to ensuring examination and approval of water and power projects--as we did in those years when we devoted lands, manpower, and materials to support the front-line. At present, some 60,000 mu of land have been requisitioned. All these lands were used before being requisitioned with the support of the local governments and the people.

In the course of building the Yanzhou-Shijiousuo railway, the people living in the old revolutionary base in the Yimeng mountainous areas have made new contributions. Some 452 brigades along the railway route have vacated more than 35,000 houses for the construction teams, built 11,000 offices and living quarters, and all families and households have devoted manpower to support this public project. Last year alone, some 300,000 persons participated in this project. The two prefectures of Jining and Linyi alone completed more than 2.3 million cubic meters of earth and stone work and some 250 large and small bridges and culverts.

It is planned that we have to undertake 12 million cubic meters of earth and stone work in the multiple track project of the Jiaozhouwan-Jinan railway. By the end of this May, some 8.64 million cubic meters of earth and stone work had been completed, 72 percent of the plan.

While referring to the province's plan on further supporting key projects, Liang Buting said: After listening to Premier Zhao Ziyang's report, we have a clearer orientation and understanding, and our determination to exert our utmost to support key projects is more firm. At present, the provincial government has adopted measures to strictly control the volume of investments in fixed assets in the localities, resolutely reduce the scope of general projects, strictly stop blind and duplicated projects, and to try all possible means to give a green light to the state's key projects. In addition, it has decided to immediately set up a key-project leading group to give unified guidance to the province's state key project supporting work. It has called on all prefectures and cities where the state's key projects are located to set up relevant specialized groups, to organize forces led by leading cadres to inspect, one after another, all work on supporting key projects, and to solve problems on the spot. The provincial government has called on these localities not to shift their responsibilities onto others and not to dispute over trifles so as to ensure that key projects will be completed with good quality and on schedule.

CSO: 4006/610

CONSTRUCTION

BRIEFS

HOUSING CONSTRUCTION--Beijing, 16 Jun (XINHUA)--Chinese peasants built 2.1 billion square meters of housing from 1979 to 1982, bringing the average housing space per person to 10.73 square meters, according to the State Statistical Bureau. A recent sample survey of 22,775 rural households from 589 counties in 28 provinces, municipalities and autonomous regions (except Tibet) indicates that each family built an average of one room during the past four years. Sixty-two point eight percent of the new houses built in 1982 were constructed of brick and wood or prefabricated concrete. The figure in 1979 was only 38.2 percent, the bureau said. China now has 670 enterprises producing prefabricated concrete parts for its rural population, now gradually turning away from the traditional earthen brick cottages. In 1982, output reached 2.2 million cubic meters. In Hunan, various new types of building materials supplied to rural areas accounted for one-fifth of the province's total volume of output, according to earlier reports. China built a total of 314 million square meters of housing for its urban population during the past four years, the bureau said. [Text] [Beijing XINHUA in English 1135 GMT 16 Jun 83]

CSO: 4020/90

DOMESTIC TRADE

ARTICLE SUPPORTS POLICY OF RELAXATION IN COMMODITY CIRCULATION

Fuzhou FUJIAN RIBAO in Chinese 4 Mar 83 p 3

[Article by Fang Xiaoqiu [2455 2556 8002]: "Expand Circulation Channels, Promote Commodity Production"]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, the agricultural production responsibility system, principally in the form of the system of linking output to contracts, has been put into practice, causing a big change in our country's agricultural situation, in which there are a big development of production, a big increase in income, and a distinct rise in the peasants' standard of living. This change indicates that our country's rural areas are beginning to be transformed from a self-supporting and semi-self-supporting economy to fairly large-scale commodity production, and from traditional agriculture to modern agriculture; it presages that the overall development of our country's rural economy will be even faster.

Recently, the Party Central Committee, in documents relating to the current policy for the rural economy, unequivocally affirmed that the system of linking output to contracts was a great creation by the Chinese peasants under the leadership of the party, and was a new development of the Marxist theory of agricultural cooperationization in our country's agricultural practice. On the basis of stabilizing and perfecting the system of linking output to contracts, we must further relax the policy in the domain of rural circulation, stimulate circulation, promote commodity production, and accelerate the development of the rural economy. The 10 stipulations made by the provincial government concerning the current rural economy reflect the fundamental spirit of the Party Central Committee's relevant documents, thoroughly implement the rural economic policy, and will certainly greatly promote the production and circulation of commodities, accelerate the overall development of the rural economy, and usher in a new situation in our province's rural work.

The policy of relaxation in the domain of circulation conforms to Marxist Theory. Marx said: "In commodity production, circulation and production are equally necessary, and thus persons concerned with circulation and persons concerned with production are equally necessary." Lenin also said:

"Commodity circulation comes before commodity production, and it is one of the conditions for developing commodity production." In the past, owing to the "leftist" errors that existed in our work for a long time, production and circulation were isolated from each other, and attention was paid to production while circulation was neglected, with the result that the development of commodity production was fettered. Practice proves that without commodity circulation the needs of the consumer will not be satisfied, there will be no way to realize commodity value, and reproduction cannot be expanded.

After many forms of the linked output contract responsibility system were put into practice in our country's vast rural areas, productive forces were developed and commodity production was promoted. This was bound to require that many forms of exchange be practiced and many channels of circulation be opened. The policy of "dredging" commodity circulation channels reflects the Marxist principle that the forms of exchange and the forms of production adapt to each other. Marx once pointed out: "Generally speaking, the forms of production exchange and the forms of production adapt to each other. Once there is a change in the forms of production, a change in the forms of exchange will follow." The central authorities' policy of relaxing restrictions in the circulation domain is a wise policy decision that suits the development of commodity production in the rural areas and the changes in the forms of production. Only in this way will we be able to promote the faster realization of the "two transformations" in our country's agriculture and promote a further upsurge in the rural economy.

Some comrades worry: After long-distance transport of goods for sale is permitted for collective commercial and individual commerce, won't this make an assault on the socialist markets and the planned economy, leading to profiteering? I think it will not, because although many economic forms exist side by side in our country, state commerce still occupies the dominant position. At present, the amount of wholesale commodities of state commerce is 70 percent of society's total amount of wholesale commodities, and the amount of its retail commodities is 60 percent of the total amount of retail commodities. Cooperative commerce and collective commerce only play a helping and supplementary role in circulation; after town and country are no longer separated and areas are not blocked off from each other, the channels of commodity circulation will be unimpeded, and the variety and amount of commodities will greatly increase. This will require more channels of circulation and more forms of exchange that will be able to adapt to the development of the situation in the rural economy. By having cooperative commerce, individual commerce, and state commerce exist side by side, they will play a mutually supplementary and mutually competitive role, which will both benefit commodity production and alleviate the contradictions in supply and demand, so that prices will tend to be stable.

We uphold the implementation of the policy of making state planning primary and regulation by market mechanism secondary. We must make a distinction between the concept of long-distance transport of goods for sale and the concept of profiteering. Profiteering means an illegal operation in which

exorbitant profits are sought unscrupulously, taxes are evaded, and prices are driven up. In the future we will persist in suppressing and punishing according to law this kind of behavior. After completion of the tasks of state-assigned procurement, long-distance transport for sale is used for surplus products, fresh or live products, and the various kinds of products in the three categories of agricultural and subsidiary production. This will be beneficial to resolving the contradiction of overstocking at the place of production, and goods being out of stock at the place of selling. Provided that the law is obeyed and taxes are paid, we cannot willfully label this as profiteering. It is normal that the profit made by long-distance transport of goods for sale is higher than that made by a shopkeeper, because a charge for the labor of transporting the goods is added onto the price and on top of that there is added the price difference between the producing place and the selling place, so the profits made are naturally somewhat higher. With regard to the somewhat more profit made by the one who transports goods a long distance for sale, one cannot sweepingly and unanalytically say that it is "middleman's exploitation." It would be incorrect to simplistically mix up together long-distance transport of goods for sale and profiteering. Long-distance transport of goods for sale that obeys the state's laws and decrees and that accepts industrial and commercial administration and management not only is permitted but also must be made somewhat more convenient by the state.

Some comrades think that at present there is a fairly big price difference between our province's planned-purchase commodities and commodities on agricultural trade markets, and that once there are many circulation channels the peasants will probably not sell to the state products that are in extremely short supply but will circulate them in agricultural trade markets. This was the situation in the past. However, provided we handle the management work well, really implement all provisions of the "Urban-Rural Market Trade Management Methods: issued by the State Council, and perfect the economic contract system, we will be able to solve this problem. At present, only a little more than 50 percent of the peasant households in our province have established and carried out economic contracts, and there are still many production teams that have not signed contracts or production and marketing contracts, or if they have signed contracts they have not fulfilled them very well. From now on, we must get a tight and good grip on this work by integrating purchase and supply, putting into contracts planned purchases and assigned procurement of agricultural products and the industrial products of supplying peasants, and the two parties to a contract must abide by it with rewards and penalties being made distinct. In this way, the supply of goods in state commerce will certainly be better guaranteed than in the past. Because in the past the purchase plan was only implemented in the production brigade, but now it is implemented in every peasant household (specialized household and major household), the supply of goods is more direct and more specific than in the past.

Our country is a developing country, and especially in the rural areas the production level is still comparatively low and commodity production is still very undeveloped. The policy of relaxing restrictions in the rural circulation domain, which permits a certain degree of fluidity in funds, technologies, and labor power and their combining in many patterns, benefits the development of the socialist economy.

DOMESTIC TRADE

TIANJIN PLACES EMPHASIS ON RAISING ECONOMIC RESULTS

Tianjin TIANJIN RIBAO in Chinese 30 Apr 83 p 1

[Article: "Tianjin Municipality Convenes Industrial and Communications Work Conference to Clarify the Guiding Ideology; Raising of Economic Results Must Be the Key to Economic Work"]

[Text] Tianjin Municipality's industrial and communications work conference was held a few days ago. The conference, adopting the method of having division and integration and the upper and lower levels working together, has achieved the expected result. The 700 participating comrades have conscientiously studied the speeches of the leading comrades of the State Council and the spirit of the national industrial and communications work conference, and strengthened their consciousness to shift economic work onto the track of taking the improvement of economic results as the central focus.

During the conference, leadership at all levels of the industrial and communications fronts studied advanced elements, found disparities, paid close attention to small details and studied measures for implementing this year's industrial production and turnover of profits. They also discussed the implementation program for replacing profit delivery with tax payment, and viewed the improvement of reform as a force in promoting present production and in raising economic results.

In the conference, Chen Dawei [7115 0251 6671], Zhang Zaiwang [1728 0375 2489], Wu Zhen [0702 2182], Hao Tianyi [6787 3944 1763], Yang Huijie [2254 1979 3381], Bai Hua [4101 2901], Xiao Yuan [5135 0337], Liu Cengkun [0491 2582 0981], Yang Jingheng [2254 4544 5899], Ji Cenghui [4764 2582 8748], He Guomo [0149 0948 2875], Wang Xudong [3769 2485 2639], Nie Bichu [5119 3880 0443], Xiao Jun [1202 1498], Li Lanqing [2621 1526 7230] were present and Chen Dawei, Zhang Zaiwang and Liu Cengkun spoke during the conference.

The first secretary of the municipal CPC committee, Chen Dawei, elaborated in his speech the guiding ideology for Tianjin's future industrial development and expressed his opinions about problems concerning how to step up the policy of readjustment, restructuring, consolidation and improvement and the development of production. He even demanded comrades attending the conference to improve leadership style and go deep into reality to carry out investigation and study. He said that Tianjin's industry had achieved certain

economic results through the persistent implementation of the eight-character policy. However, the task of readjustment and consolidation still has not been accomplished. In particular, the organization of using the finished products as the "head" of a "coordinated process," [the making of production, transportation and marketing into a coordinated process] while using this as a foundation to study the whole technological transformation is an important link and must be stressed upon. The economic results, the reduction of raw materials and energy consumption, the improvement of labor productivity and the reduction of waste are indications of Tianjin's industrial production. The present situation, with some units not paying close attention to economic results, but lop-sidedly pursuing output value and profits, must be changed. Economic results and output value sometimes work in harmony but at other times are contradictory. When the two contradict each other, we must take economic results as the priority and earnestly bring economic work into line with economic results. This year, we must speed up reform, technological transformation and the generation change-over of products. We also must pay close attention to the reorganization of leading bodies, the education of staff members and workers, enterprise consolidation, and internal readjustment and integration. When these works are carried out satisfactorily, new situations will emerge in different fields.

Municipal CPC Standing Committee member and vice-mayor, Liu Cengkun, started off his speech by summarizing the present economic situation and suggesting that we must make good use of the present favorable condition to mobilize the masses, exploit the internal potential of enterprises, increase production and reduce expenditure, strengthen ideological and political work, enable the cadres and masses to maintain good spirits so that they will fully display their enthusiasm and initiative, cooperate with each other to overcome difficulties and raise production and economic results. At present, he said, we must have a clear and correct guiding ideology; first, we must persist in treating the raising of economic results as the key and combine results with speed. The increase in speed must be realized under the prerequisite of raising economic results. At present, we must make great effort in raising the quality of products, in increasing varieties and designs and in providing marketable products; must raise the utilization rate and return rate of energy and raw materials and make great effort in reducing consumption; must make great effort in reducing production costs, saving unnecessary expenditures and accelerating the capital circulation. Second, we must insist on the correct direction of reform and be bold in moving ahead. In the first place, we must fully understand the necessity of replacing profit delivery with tax payment. This is an important aspect in the reform of the economic administrative system. Then, we must do a good job in wage readjustment, reform of the wage system and distribution of bonuses. Wage readjustment must be integrated with the economic results of the enterprises. We must conscientiously implement the principle of distribution according to work, arouse the workers' enthusiasm and try hard to accomplish this year's task. Moreover, we must pay close attention to the different reforms of the economic administrative departments. There is substantial contact in this area, which we must investigate and study, to understand and resolve the problems one by one.

Liu Cengkun mentioned in his speech that we must firmly shift the focus of economic work to a reliance on technological progress under the prerequisite of raising economic results. From now on, projects which exclusively depend on original backward technology to augment equipment and increase capability must not be carried out. The state's limited capital must be used in technological transformation and technological improvement.

In regards to present industrial production, Liu Cengkun said that Tianjin Municipality had made some achievements in the first quarter's industrial production. However, it is not satisfactory and the profits have declined. The next step we must take is to continue the implementation of the principle of "Six Priorities," make great effort to develop products of light and textile industries, and strive for greater increases in the second quarter from the light and textile industries. At present, we must vigorously pay close attention to the products urgently needed by the market, brand name products and competitive products, and also develop the large scale production of small commodities. Various industries must study the needs of agriculture and the farmers, supporting agriculture from different aspects with great effort. We must resolutely implement the spirit of the Central Committee concerning the strict control of the basic construction dimension and the guarantee of the state's key construction projects. We must guarantee the quality, quantity and completion dates of the projects in Tianjin which are listed as the state's key constructions, and struggle to complete them ahead of schedule. We must strive to support related projects in other parts of the state, to save energy and raw materials, to conscientiously pay close attention to production safety and, through the launch of the safety month, raise work safety, particularly that of fundamental work.

12365

CSO: 4006/548

FOREIGN TRADE

IMPROVEMENT IN HANGZHOU TOURIST INDUSTRY DISCUSSED

Beijing XINHUA in English 1435 GMT 16 Jun 83

[Text] Beijing, 16 Jun (XINHUA)--Tourists will see more scenic spots, stay in better-furnished hotels and have more handicraft items to buy in the picturesque city of Hangzhou, east China, if a proposal by the Zhejiang delegation to the National People's Congress is accepted.

Hangzhou is one of China's major tourist attractions. An old Chinese saying compares Hangzhou and Suzhou, another scenic city in east China, to paradise on earth. About 600 years ago, Marco Polo acclaimed Hangzhou as "the most elegant city in the world." In 1982 alone, some 700,000 foreigners and overseas Chinese toured the city.

But the city needs more money for further improvement, said Zheng Zhixin, an NPC deputy and vice-chairman of the Hangzhou City People's Congress Standing Committee. Thus the provincial delegation proposed that the state either increase funds for the city or allow it to keep a larger share of local revenue for expanding tourist facilities.

Another deputy, Lin Fuchang, who is an engineer in the Hangzhou Parks and Woods Administration, said the city government has worked out a plan for making the city more attractive. Highlights of the plan include:

--opening more scenic spots to tourists. On the list is a 14-hectare lotus garden. The thousand-year-old Jing (Pure) Monastery, which rivaled with the celebrated Lingyin Monastery in popularity, will be restored.

--controlling water pollution in the West Lake and the Beijing-Hangzhou Grand Canal.

--restructuring the old downtown area and building more houses.

--building more hotels. There will be a total of 3,200 beds by 1985, an increase of 600.

--establishing a new museum for exhibiting historical relics and ancient and modern art treasures.

--developing handicrafts such as silk, brocade, jade carvings and bamboo articles.

Li Fuchang said the city will take on a new look by 1990.

CSO: 4020/90

FOREIGN TRADE

REPORT ON DOING GOOD JOB IN COMMODITY INSPECTION

HK091352 Beijing RENMIN RIBAO in Chinese 2 Jun 83 p 2

[Commentator's article: "Conscientiously Do a Good Job of Inspecting Import and Export Commodities"]

[Text] The inspection of import and export commodities is a requisite link in international trade, and is important in developing foreign trade, promoting production at home, and safeguarding construction work and the interests of consumers. At the initial stage after the founding of the country, our government set up a functional department in charge of the inspection of import and export commodities and issued the relevant regulations and laws. Now there are organs for the inspection of import and export commodities all over the country. A contingent of professional inspection personnel has been trained. Comparatively sophisticated means of inspection have been installed. Thus, a certain basis for the inspection of commodities has been well established.

For over the last 30 years, close coordination and mutual assistance has been achieved between commodity inspection departments and those units which are engaged in the production, marketing, consignment, and consumption of import and export commodities. Their work includes imposing legal inspection of important import and export commodities, supervising and controlling the quality of goods and the inspection work of the departments concerned, and exercising unified control over the evaluation and certification work in foreign trade. In this connection, all the tasks assigned by the state have been fulfilled. Our country's certificates of inspection on commodities have gained wide respect in international trade and have become effective documents in dealing with customs clearance, delivery of goods, accounting, and claims disputes. The facts show that good performance in commodity inspection can strengthen the competitive position of our export commodities in international markets, expand our exports, and prevent the importing of substandard and inferior goods. As a result, our production safety and the health of our people and animals can be protected, and disputes in international trade can be resolved in a fair way. In short, commodity inspection can make a great contribution to our country's socialist construction and to the development of our foreign trade. We should further strengthen this work to meet the needs of our expanding foreign trade.

A number of comrades in certain units do not appreciate the significance of strengthening the inspection of import and export commodities, and they have some confused ideas. Some comrades hold that commodity inspection is "looking for trouble" and "affecting the performance of exports," and they ask for a "relaxation of policy" in this respect. Some comrades blindly believe that there are no problems concerning the quality of foreign products, or else they are "waiting for rice to cook" and regard inspection work as "time- and energy-consuming." Some comrades in the commodity inspection departments also tend to be afraid of difficulties and do not dare to impose stringent inspection. We should realize that the purpose of strengthening the inspection work of import and export commodities is to ensure the quality of the commodity, to promote the development of the import and export trade, and to safeguard the interests of the state and the departments concerned. We should proceed from the premise that we should maintain the interests and prestige of our country, and actively and comprehensively strengthen the inspection work of import and export commodities. At the same time, publicity and education work should be promoted so that the broad masses can understand the importance of strengthening commodity inspection work.

Earnestly strengthening the state's inspection of import and export commodities is the common duty of the units which are engaged in the production, marketing, consignment, consumption of import and export commodities, and the commodity inspection organs, as well as the transportation storage units. Under the unified guidance of the state's general and specific policies, leading organs at various levels must coordinate their efforts to jointly accomplish this task.

CSO: 4006/610

FOREIGN TRADE

BRIEFS

JILIN EXPORT GOODS BASE--Approved by the Ministry of Foreign Trade, Jilin City, Jilin Province, has been appointed as the 27th base for producing export commodities in China. This will further promote the development of Jilin City's industrial production. [Changchun Jilin Provincial Service in Mandarin 1030 GMT 2 Jun 83 SK]

GUANGDONG BUILDING INDUSTRY--The building industry department in Guangdong Province has achieved good results in contracting for building work in foreign countries and sending laborers abroad. Several hundred engineers, technicians, and workers in the province have gone abroad to work. They have earned foreign currency for the state. The provincial building industry department is now keeping contact with enterprises in some countries and places in preparation for developing this work further. In April last year, the provincial building industry department signed a contract with the General Foodstuffs Industrial Company in Iraq, for the installation and maintenance of the machinery in a sugar refinery. The provincial building industrial department sent 135 people to Iraq to do this work, which will be completed in May next year. Last year, the provincial building industrial department established the Nanfang Construction and Investment Company, Ltd. in Macao. The company is now contracting for building a number of tall buildings and reclaiming the sea. In the first half of this year, the department also kept contacts with Thailand, Libya and Kuwait. [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 8 Jun 83 HK]

CSO: 4006/610

LABOR AND WAGES

REPORT ON LAUNCHING READING ACTIVITIES

OW150829 Beijing XINHUA Domestic Service in Chinese 1319 GMT 14 Jun 83

["Excerpts" of "Draw More Staff Members and Workers to Reading Activities-- Report to the Party Central Committee by the Leading Party Group in the All-China Federation of Trade Unions on Launching Reading Activities Among Staff Members and Workers"]

[Excerpts] Beijing, 14 Jun (XINHUA)--In recent years, reading activities have been launched in an organized manner among the staff members and workers in Shanghai and other places to mobilize staff members and workers to read and study on a voluntary basis by using their sparetime and to help the masses raise their political consciousness, increase general knowledge, foster moral values and enrich their lives after work.

The enthusiasm of the staff members and workers for reading and study is surging chiefly because the younger generation, whose study was once delayed by the 10 years of internal disorder, is now faced with the important task of socialist modernization and is becoming increasingly conscious of the importance of knowledge.

The reading activities launched by the staff members and workers in Shanghai and other places in response to the call of the CPC Central Committee for restudying and marching towards science amount to a good way to develop socialist spiritual civilization, make the working class more educated and train talented people among the staff members and workers. These activities have achieved noticeable results as follows:

1. Reading has made the broad masses of staff members and workers clearly define political orientation.
2. Reading has made the young staff members and workers clearly see the path of life. After reading "How Steel Was Tempered" [a Soviet novel], modern history and other books, those young workers who once looked upon "life as a game, enjoy it while you can" have now realized that men should dedicate their entire lives to a most magnificent cause in the world--the struggle for the emancipation of mankind.

3. Reading has generated a lofty aspiration for the socialist cause among staff members and workers of the service trades.

4. Reading has inspired those who made mistakes to turn over a new leaf. After reading modern history, "poems from revolutionary martyrs" and other books, a young worker who went through reform through labor for 2 years said with emotion: "A good book can save a man's soul."

5. Reading has enhanced cadres' skills in performing ideological and political work thus improving relations between cadres and the masses.

6. A large number of key theoretical workers and experts in ideological-political education were discovered and trained in the course of reading activities.

The reading activities of staff members and workers in Shanghai and other places are conducted with an emphasis on the following:

a. Books with healthy contents covering a wide range and at different reading levels are recommended in a unified manner for selective reading by the participants; books for mandatory reading are also suggested.

b. Reading activities are based on the method of voluntary participation and free integration with an emphasis on self-study.

c. Lively and interesting activities to guide in reading and study are organized.

d. The reading activities of staff members and workers in Shanghai were cosponsored by the municipal federation of trade unions, the municipal CYL committee, the JIEFANG RIBAO agency and the publication bureau under the leadership of the municipal CPC committee; a municipal reading guidance committee headed by a deputy secretary of the municipal CPC committee is organized with daily organizational work being jointly carried out by the trade union federation and the CYL committee and with the municipal federation of trade unions taking charge of the permanent office. Districts, bureaus and other grassroots units set up either reading guidance committees or groups under the leadership of their respective party committees. The publication bureau ensures the supply of books; the library of the trade union federation recommends and comments on books in an organized way; JIEFANG RIBAO publicizes and reports on activities. The overall cooperation in this manner has given immense impetus to reading activities.

At present, the reading activities of staff members and workers have attracted the attention of various quarters. The All-China Federation of Trade Unions has suggested that the party committees in various localities get the departments concerned organized, and strengthen leadership over the

reading activities of staff members and workers so that more and more staff members and workers can receive a systematic education politically and ideologically and in scientific, cultural and technological fields to shape a mighty army of builders of the four modernizations with consciousness, lofty ideals, moral integrity, cultural, scientific and technical knowledge and a sense of discipline to further advance our cause of socialist modernization.

CSO: 4006/610

TRANSPORTATION

ARTICLE, CHART, MAP DETAIL PRC HIGHWAY SYSTEM

Beijing DILI ZHISHI [GEOGRAPHICAL KNOWLEDGE] in Chinese, No 4, 1983, p 5-7

[Article by Cheng Yang [4453 3152]: "China's Highway Construction"]

[Text] Highways are important parts of modern transportation, and they are also the common basic facility serving transport vehicles of all professions. Highway transport is a mode of transportation closely related to industrial and agricultural production and people's life. Railroad centers, harbors, airport passengers and air freight all depend on it. It is indispensable in linking towns and villages and in making the rural economy prosperous. The links between production and marketing and the development of specialized production need it even more. The function of highways in war time and in rescue during disasters is of even greater importance. Therefore, the world's nations have all been actively building highways and developing highway transportation during the past several decades even though the nations have different natural geographic conditions and differences in their economies.

Our nation's highway construction did not start late, but in old China, highway construction, like everything else, developed very slowly. By the time new China was founded, the whole nation had only 75,000 kilometers of highways barely suitable for vehicle travel. Most were distributed in the plains and the hilly regions along the coast in the southeast. There were very few highways in mountain regions and in the border regions of the national minorities which together constituted two thirds of the area of the whole nation. After founding of new China, the Central Committee of the party placed a lot of emphasis on highway construction. As early as 1950, the soldiers and officers of the People's Liberation Army were called upon to "march and build roads". The broad number of road building workers and soldiers and officers of the People's Liberation Army developed and the revolutionary spirit of "letting tall mountains bow their heads, call upon the river water to step aside". They braved the hot sun, severe cold, continued day and night to struggle with nature, opened up mountains and built roads and built bridges across ravines. In the 1950's, several dozen highways including the world famous Kang-Zang Highway, the Qing-Zang and the Chuan-Qing, the Xin-Zang, Cheng-Ya, Hai-Yu, and Kun-Lou highways, which reached the border regions and the regions of national minorities were completed. They rapidly changed the traffic conditions, strengthened

the links with the inland regions of the motherland, and promoted economic prosperity in these regions. As our nation's industrial and agricultural production developed prosperously, the amount of highway transport dramatically increased, and we urgently needed to build new highways and rebuild other highways. Each locality relied on the locality and on the masses to actively build new highways and at the same time, the two enthusiasms of the central government and the localities were developed. Over a hundred national defense highways and main economic highways were newly built or rebuilt continuously including highways from Jinan to Qingdao, Hangzhou to Shanghai, Xuzhou to Lianyung Harbor, Beijing to Yuanping, Lanzhou to Yichuan, and Qinghai to Xinjiang. Up to now, the nation's highways already extend 900,000 kilometers, an increase of more than 10 times over that at the time of liberation. Highways now connect more than 2,000 counties and over 99 percent of the people's communes throughout the nation. A highway network of preliminary scale now connects the provincial capitals and extends into the broad rural areas from the capital of Beijing at the center.

Since founding of the nation, not only has the number of highways increased quickly, the technical condition and quality of highways also improved continuously. At the beginning of liberation, most highways did not have road surfaces. Even if they did, the road surfaces were sandy gravel road surfaces of low quality. High grade road surfaces covered only some 300 kilometers. Now, there are 170,000 kilometers of cement and asphalt and residual oil road surfaces throughout the nation, an increase of more than 500 times the length at the beginning of liberation. At the beginning of liberation, there were few highways that passed national technical standards. Now, most of the highways have reached national technical standards. In recent years, first grade highways, of high standards were completed from Beijing to Miyun, Nanjing to Liuhe, and Shenyang to Fushun. At the beginning of liberation, bridges that could be seen on highways were very few, and most were wooden bridges or small rock arch bridges. Ferries had to be used to cross slightly wider rivers. Now, many types of bridges that are new in structural style and that are beautiful in shape can be seen as one rides in a vehicle on the highway. Bridges have been built across the Chang Jiang and the Huang He which used to be known as natural chasms. There are already more than 40 bridges spanning the upper, middle and lower reaches. The Jinan Huang He Bridge that was completed and opened to traffic last year is the highway bridge with the largest span in our nation at present. The Chang Jiang which did not have a single bridge in the past now has two bridges in Wuhan and Nanjing built after liberation, and in the past two to three years, the Chongqing and Luzhou Chang Jiang Bridges have been completed. The natural chasms of the past have now been spanned.

The 12th Party Congress proposed the glorious goals of quadrupling the industrial and agricultural production values by the end of this century. To enable highways to adapt to the needs in creating, in an overall way, a new situation of modern socialist construction, future highway construction must actively connect the dead end roads to major highways and rebuild according to plan "bottleneck" road segments that have a large amount of

traffic, rebuilt dangerous bridges and heavily travelled ferry harbors, and build some first grade highways and expressways in a key way near important harbors, railroad centers and large cities. At the same time, we must grasp tightly the construction of county and commune highways, and basically complete the framework of a national road system by the end of this century and a rationally arranged highway network that connects the main roads and secondary roads.

Table of Major Highways Newly Built After Liberation

No.	Name of Highway	Origin-Destination	Length (kilometers)
1	Hei-A Highway	Naqu-Tingken	1343
2	Hei-Chang Highway	Naqu-Changdu	810
3	Zhong-Ni Highway	Yangbajing-Youyiqiao	740
4	La-Pu Highway	Lazi-Pulan	810
5	Xin-Zang Highway	Yencheng-Pulan	1459
6	Lin-Qiong Highway	Linzhi-Qionghuojiang	444
7	Qu-Cuo Highway	Qushui-Cuona	354
8	Ran-Cha Highway	Ranwu-Chayu	231
9	Chuan-Zang Highway	Chengdu-Lhasa	2412
10	Cheng-A Highway	Chengdu-Aba	507
11	Yixi Highway	Yibin-Xichang	336
12	Chuang-Zang-Nan Highway	Dongeluo-Bangda	765
13	Lixiang Highway	Litang-Sino-Burma border	289
14	Kunluo Highway	Kunming-Daluo	674
15	Dian-Mian Highway	Huitongqiao-Wanding	198
16	Dian-Zang Highway	Xianguan-Judian	251
17	Yang-Xue Highway	Yangchu-Luoxue	243
18	Hai-Pu Highway	Haibazhuang-Puer	482
19	Hiameng Highway	Haibazhuang-Mengding	573
20	Si-Yuan Highway	Siamo-Yuanyang	425
21	Chu-Meng Highway	Chuxiong-Mengbang	706
22	Gui-Luo Highway	Huishui-Luodian	111
23	Shui-Yan Highway	Shuicheng-Yanduishan	184
24	Meihuang Highway	Meitan-Huangping	177
25	Da-An Highway	Dafang-Anshui	165
26	Bei-Qian Highway	Bailakan-Qianxi	118
27	Zun-Tong Highway	Zunyi-Tongren	190
28	Jin-Rong Highway	Jinping-Rongjiang	175
29	Sha-Yi Highway	Shayi-Yishan	220
30	Ban-De Highway	Banli-Debao	231
31	Dong-Shi Highway	Dongxing-Shinan	290
32	Yu-Gui Highway	Yulin-Guiping	129
33	Tai-Wu Highway	Taiping-Wuzhou	100
34	Chen-Cha Highway	Chenxian-Chaling	249
35	Yi-Gui Highway	Yizhang-Guidong	184
36	Chang-Chong Highway	Changsha-Chadong	580
37	Chen-Dao Highway	Chenzhou-Daoxian	204

38	Shao-Ning Highway	Shuangpolin-Ningxiang	225
39	Dong-Tong Highway	Dongkou-Tongdao	185
40	Xin-Gao Highway	Xinxing-Gaozhou	223
41	Hai-Yu West Highway	Haikou-Sanya	433
42	Hai-Yu Central Highway	Xiuying-Sanya	296
43	Wu-Shang Highway	Gongjiapu-Jeishang	205
44	Han-Sha Highway	Kuileling-Shashi	213
45	Yi-Bao Highway	Yichang-Paifang	206
46	Shi-Zhu Highway	Shihuachu-Guanzikou	252
47	Yi-Lai Highway	Yidu-Laifeng	375
48	Tuo-Yang Highway	Togtoh-Ershiliucun	263
49	Gu-Ke Highway	Guyang-Kebuer	256
50	Ke-Shui Highway	Kebuer-Shuiquanlou	153
51	Qing-Dong Highway	Qingshuihe-Dongsheng	214
52	Sao-Yu Highway	Bautou- bank of Sujiahe	204
53	Dong-Hai Highway	Dongsheng-Haibowan	364
54	Tai-Gu Highway	Taiyangmiao-Guyang	354
55	Xi-San Highway	Xilin Hot-Sanhaodi	324
56	Cheng-Chi Highway	Dasanchakou- border of Hebei and Liaoning	185
57	Tai-Jun Highway	Tiayuan-Huangheqiao	235
58	Da-Ma Highway	Datong-Mashaguan	172
59	Da-Sha Highway	Datong-Shahukou	122
60	Yang-Li Highway	Yangquan-Licheng	194
61	Zhun-Chuan Highway	Zhuayang- border of Inner Mongolia	218
62	Qin-Xiao Highway	Qinshui-Xiaopingshang	174
63	Jing-Yuan Highway	Fuxingmen-Yuanping	511
64	Ka-Tu Highway	Kashgar-Tuerduote	167
65	Wu-Yan Highway	Urumqi-Yanqi	293
66	Qi-Ji Highway	Qitai-Jeminay	751
67	Ka-Ta Highway	Kashgar-Tash Kurghan	291
68	Ka-Min Highway	Kashgar-Minfeng	838
69	Ku-Ruo Highway	Korla-Ruoqiang	441
70	Zhong-Ba Highway	Tash Kurghan-Kunjirap Daban	128
71	Qing-Xin Highway	Caka-Hetian	2186
72	Qing-Zang Highway	Xining-Lhasa	1983
73	Chuan-Qing Highway	main Mani highway-Xining	1011
74	Dang-Huang Highway	Dangjinshankou- Huangzhualiang	315
75	Wuhe Highway	Widaoling-Henan	237
76	Cha-Leng Highway	Chalengkou-Lenghu	132
77	E-Sha Highway	Eboliang-Shaliangzi	150
78	Lan-Yi Highway	Lanzhou-Yichuan	950
79	Gan-Chuan Highway	Kangjiaya-Guanzigou	281
80	Lan-Lang Highway	LanzhouOLangmusi	421
81	Hong-Dang Highway	Hungliuyuan- Dangjinshankou	254
82	Lue-Lang Highway	Lueyang-Langmusi	367
83	Feng-Tian Highway	Fengxianglukou- Tianshuibao	320

84	Jun-Ye Highway	Jundu-Yeshengbao	379
85	Lin-Yi Highway	Linfen-Yichuan	174
86	Xi-Sha Highway	Xian-Shagou	135
87	Wu-Huan Highway	Wuzhong-Tianshuibao	113
88	Huai-Hong Highway	Huaiyang-Honghuabu	123
89	Su-Guan Highway	Suqian-Guanyun	110
90	Xu-Hai Highway	Xuzhou-Lianyungang	209
91	Shu-Chen Highway	Shuyang-Chenjiagang	126
92	Huai-Liu Highway	Huaiying-Liuduo	156
93	He-An Highway	Hefei-Anqing	181
94	Bang-Guan Highway	Bangbu-Guanmiaoji	267
95	Quan-Yang Highway	Quanjiao-Uangzhou	185
96	He-Li Highway	Hefei-Lixin	225
97	Xiao-Huai Highway	Xiaoxian-Huaibin	255
98	Si-Pu Highway	Sixian-Pukou	196
99	Hang-Wen Highway	Hangzhou-Wenzhou	463
100	Jin-Wen Highway	Jinhua-Wenzhou	255
101	Xiao-Jin Highway	Xiaoshan-Jinhua	162
102	Lin-Shi Highway	Linhai-Shizhu	152
103	Yun-Rui Highway	Yunhe-Ruian	249
104	Hang-Hu Highway	Hangzhou-Shanghai	185
105	Tai-Jing Highway	Taihe-Jinggangshan	110
106	Ji-Jie Highway	Jian-Jiehualong	156
107	Bai-Hu Highway	Baishaguan-Hukou	237
108	Ke-Long Highway	Kelong-Longmenchang	183
109	Gu-Gao Highway	Guxian-Gaoxingxu	118
110	Le-Shang Highway	Leping-Shangrao	153
111	Fu-Wen Highway	Fuzhou-Wenzhou	436
112	Sai-Pu Highway	Saiqi-Pucheng	233
113	Jing-Jiang Highway	Jianou-Jaingshan	277
114	Ji-Yong Highway	Fengpeiting-Sanchengling	556
115	Ji-Qing Highway	Jinan-Qingdao	370
116	Ji-De Highway	Jinan-Dezhou	114
117	Xin-Ji Highway	Jinan-Zhufan	306
118	Ji-He Highway	Jinan-Heze	213
119	Wei-Shi Highway	Weifang-Shidao	359
120	Wei-Xu Highway	Weifang-Taierzhuang	350
121	Shen-Dan Highway	Shenyang-Dandong	277
122	Ge-Zhuang Highway	Gezhou-Zhuanghe	120
123	Tong-Zhuang Highway	Tongyuanbao-Zhuanghe	206
124	Shen-Cheng Highway	Shenyang-Shihui	531
125	Jin-Wu Highway	Jinzhou-Wuzhou	366
126	Chang-San Highway	Changchun-Dunhua	320
127	Jiao-Wu Highway	Jiaohe-Jinma	170
128	Hun-Dong Highway	Hunchun-Dongning	139
129	Nen-Mo Highway	Shibazhan-Mohe	526
130	Xun-Wu Highway	Xunke-Wuyan	117
131	Er-Fu Highway	Erlongshan-Fuyun	225
132	Hu-Fu Highway	Hutou-Fuyuan	264

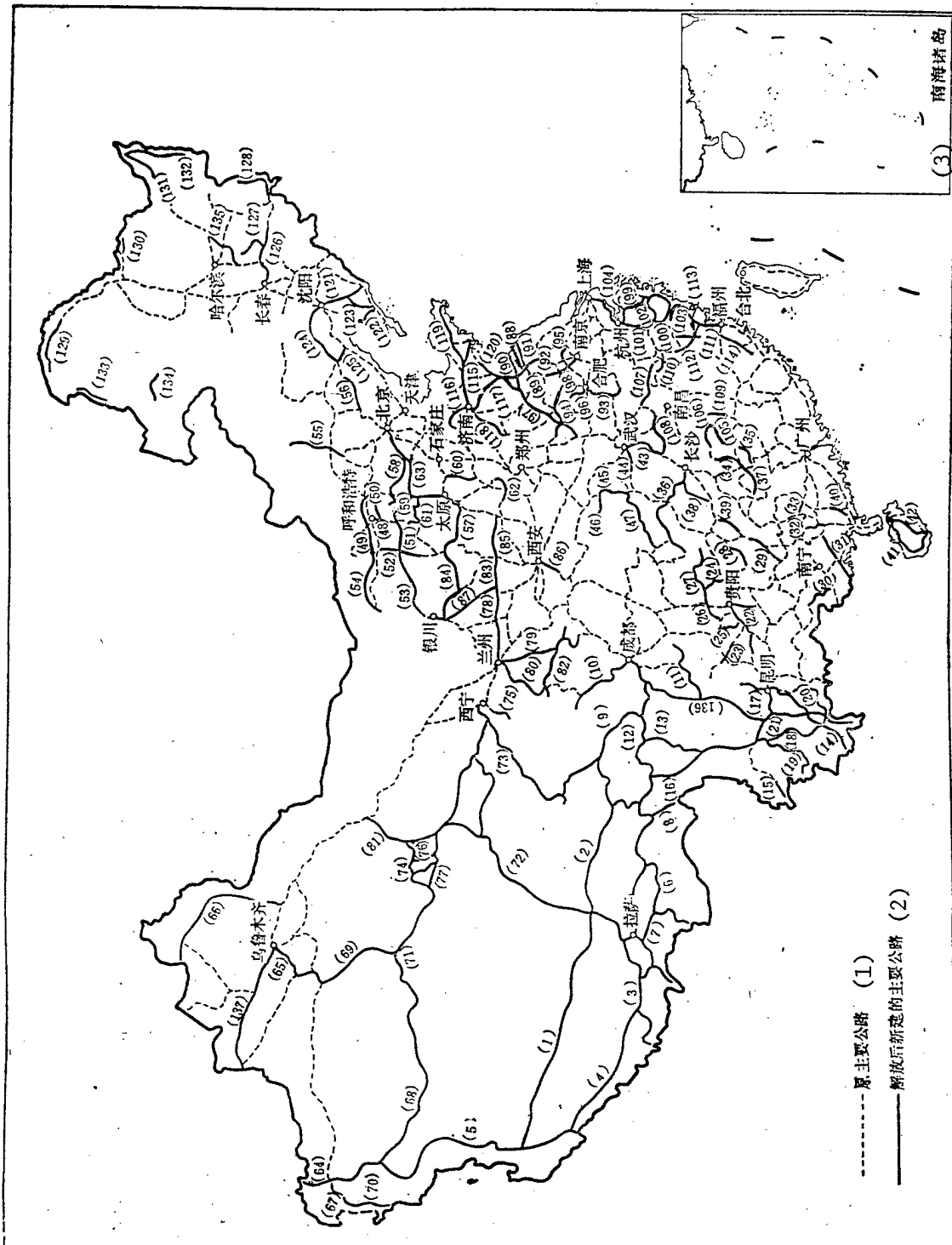
133	Qi-Ji Highway	Qiqian-Jilalin	182
134	Ming-Hai Highway	Zhalantun-Bugt	337
135	Fang-Zhuang Highway	Fangzheng-Xiangyang	256
136	Chuan-Yuan West Highway	Uaan-Huili	680
137	Wu-Huo Highway	Urumqi-Huocheng	662

KEY (for map on following page)

Map of Our Nation's Major Highways

- 1 Original major highways
- 2 Major highways newly built after liberation
- 3 Islands of the South China Sea

Map of Our Nation's Major Highways



我国主要公路分布图

9296
CSO: 4006/527

TRANSPORTATION

BRIEFS

JIANGXI ROAD UPGRADING--Nanchang, 12 Jun (XINHUA)--Two trunk roads totalling 1,100 kilometers in Jiangxi Province, east China, are being widened and upgraded, to link it with the northern tip of Guangdong Province, according to the Jiangxi Provincial Communications Department. The repaving program will speed up transportation of more local products, including fresh vegetables and aquatic foods in the southern Jiangxi mountainous area, to Guangzhou, Hong Kong and Macao. The motor roads in both western and eastern parts of the province will be widened from 8 meters to 16 meters and improved. The project calls for an investment of 300 million yuan. Phase 1 of the project, repaving 553 kilometers of roads, is scheduled for 1985 completion while phase 2, repaving 547 kilometers of roads, is for 1990 completion. [Text] [Beijing XINHUA in English 0712 GMT 12 Jun 83 OW]

GUANGXI, LIAONING RAILWAYS--Beijing, 14 Jun (XINHUA)--Construction has begun on a 176-kilometer railway linking Nanning, capital of the Guangxi Zhuang Autonomous Region, and Fangcheng harbor along the southern coast. Six railway stations, five bridges and eight tunnels are being built along the line simultaneously. The project is cofinanced by the Ministry of Railways and the Guangxi regional government. Scheduled for completion in 1986, the new railway offers a shorter way to the newly-built deepwater port of Fangcheng facing Beibu Gulf, and will facilitate exports of goods from Guangxi and other parts of southern China. It will also help speed development of phosphate and coal resources in Yunnan and Guizhou Provinces. In northeast China, double tracking has been completed on a 48-kilometer section of the Shenyang-Dandong railway. The section, from Wujiatun to Wanfen, opened last week near Shenyang. Construction of the Shenyang-Dandong railway line began in 1974 with a state investment of 280 million yuan. Builders have excavated 3,800 meters of tunnels and erected a 700-meter bridge for the line. The double tracking of the 253-kilometer railway is scheduled for completion in 1985. Its annual freight handling capacity will be increased from 28 million tons in 1973 to 55 million tons. [Text] [Beijing XINHUA in English 0838 GMT 14 Jun 83 OW]

QINGHAI-TIBET ASPHALT--Beijing, 10 Jun (XINHUA)--The 1,200-kilometer-long Qinghai-Tibet Highway will be asphalted in two years, said an NPC deputy today at panel discussion. The speaker, Yin Fatang, is the first secretary of the Communist Party committee of the Tibet Autonomous Region. He said that the paving can be quickened if it is undertaken by inland provinces or municipalities. Asphaltting the Qinghai-Tibet Highway will play a vital role in boosting the region's economy, he said. The Qinghai-Tibet Highway is one of the two trunk lines linking Tibet with other parts of China. The other is the Sichuan-Tibet Highway. At present, the volume of road haulage through the Qinghai-Tibet Highway accounts for two-thirds of the goods imported to Tibet. Yin Fatang also disclosed that the survey of a railway connecting inland with Tibet has been included in the nation's Sixth Five-Year Plan (1981-1985). [Text] [Beijing XINHUA in English 1409 GMT 10 Jun 83 OW]

HUNAN TRANSPORT REGISTRATION--The Hunan Provincial Industrial and Commercial Administrative Bureau and the provincial communications department have jointly issued a notice on the regulations for individual undertakings engaged in transport work. The regulations lay down that beginning today, individual undertakings engaged in transport work must be registered and, after examination, will be issued business permits. The regulations also lay down that so long as urban youths awaiting employment, persons between 30 and 50 years old, unoccupied persons, and rural commune members, who have locally registered permanent residence, have a certain technological skill and ability to do business and have means of transport, loading, and unloading, they can apply for permits to embark on transport work. Applicants must take out policies on goods transported with local insurance companies. Applicants can engage in transport business only after city and county communications departments and industrial and commercial administrative departments conduct examinations, give consent, and issue business permits. [Changsha Hunan Provincial Service in Mandarin 2310 GMT 10 Jun 83 HK]

CSO: 4006/610

GENERAL

REPORT ON URBAN COLLECTIVE ECONOMY WORKERS

SK160149 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 15 Jun 83

[Text] According to a reporter's dispatch from the provincial work conference on urban collective economy, the number of staff members and workers engaged in urban collective economy has reached 3.5 million; 41.6 percent of the province's total.

The collective economy includes industry, transport, capital construction, public undertakings, commerce, catering service trade, cultural and educational undertakings and public health departments and is a key component part and significant force of the national economy.

Our province's urban collective economy includes old collectively owned enterprises, run by cities, districts and counties; new collectively owned enterprises, run by neighborhood committees, state industrial and mining enterprises and establishments, organs, PLA units and schools and cooperatives, established with private funds collected by the people. An integrated collective economy, joining collectively-owned enterprises, collectively-owned enterprises and the state enterprises, has emerged in some localities.

After the third plenum of the 11th Party Central Committee, the provincial CPC committee and government instituted regulations for urban collectively owned enterprises, corrected some leftist mistakes in the development of urban collective economy and basically stopped ill practices of [words indistinct]. Thus, the rights and interests of the collective economy have been protected. Most collectively owned enterprises have shifted from the practice of collectives assuming the responsibility for profits and losses under a unified plan to the practice of independent accounting and enterprises assuming responsibility for their own profits and losses.

With regard to tax revenue and loans, the implementation of the policy of encouragement and assistance promotes the development of our urban collective economy.

Although our province has made rapid progress in urban collective economy in recent years, the urban collective economy still fails to suit the whole economic situation or to meet the needs of the people. Compared with other provinces and cities, we still have a long way to go.

The provincial CPC committee and government are conscientiously devoted to summing up and drawing a lesson from our past experiences and mobilizing the forces of all quarters with a view to further developing the urban collective economy.

CSO: 4006/610

GENERAL

REPORT ON PROPOSAL FOR XIZANG CONSTRUCTION

Beijing XINHUA Domestic Service in Chinese 0149 GMT 14 Jun 83

[Excerpts] Beijing, 14 Jun (XINHUA)--Xizang deputy to the first session of the Sixth NPC Ngapoi Ngawang Jigme put forth a three-point proposal for Xizang construction in a speech at a group discussion meeting on 12 June. He said: Our Xizang is full of hope and the future is very bright. We must enhance our spirit and work energetically to build a united, prosperous, civilized and socialist new Xizang.

His three-point proposal for Xizang construction stressed the following:

1. Transportation: Most commodities and supplies needed by Xizang are shipped in from the heartland by relying solely on truck transport. To cope with the thriving economic construction in Xizang and the needs of the people in material and cultural life, it is suggested that before railways are completed more paved highways should be built.

2. Energy resources: Xizang has abundant energy resources and the prospects of developing them for use are bright. Xizang ranks second nationally in water conservancy resources; in addition, terrestrial heat, wind energy and solar energy can also be developed gradually for use. In Nei Monggol, wind power is being used to generate electricity for herdsmen households. This kind of simple power generating equipment can also be used in the pastoral areas of Xizang where winds are strong. We should work toward this goal and strive to get the work started soon so as to solve the power shortage problem.

3. Industrial construction: Industrial construction is very important. We cannot count on agricultural and animal husbandry production alone. Xizang has conditions for industrial construction. The only setback is poor processing techniques. I visited a hide processing plant in Nepal this year when I was there. They can split a piece of hide into two sheets, before it is exported to West Germany. In West Germany, however, a piece of hide can be split into six sheets. This shows that their processing technical level is very high. We must rely on techniques and science to develop industry, agriculture and animal husbandry. It is hoped that all of us will actively create conditions in these areas so that we can do an even better job.

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HONG KONG MEDIA ON CHINA

HAINAN CPPCC MEMBER DISCUSSES REGION DEVELOPMENT

HK170120 Hong Kong TA KUNG PAO in Chinese 4 Jun 83 p 4

[Report: "Wu Duotai [0702 1122 3141], Newly Elected CPPCC Member and General Manager of Hainan Island Enterprise, Talks About Hainan's Development"]

[Text] Beijing, 3 Jun (XINHUA)--Wu Duotai, a newly elected CPPCC member and managing director of Hong Kong Hunxing Industrial Company Ltd. and general manager of Hainan Island Enterprise Ltd. told reporters in Beijing Hotel that he was in favor of the eight-point proposal put forward by Governor Liang Lingguang on accelerating the development of Hainan.

In his recent eight-point proposal on exploiting Hainan, Governor Liang Lingguang stressed the need to firmly grasp the capital construction in energy, communications, harbors, communications equipment, and personnel training. Wu Duotai stressed that without this capital construction, the development of Hainan would become empty talk. This is because Hainan products cannot be exported and the materials, technology, and equipment which are needed for construction cannot be imported if the highways, communications, civil aviation and port facilities are unavailable. Wu Duotai specially appreciated the measures adopted for Hainan's intellectual investment. He said: Being bold and resolute in his work, Governor Liang has mapped out a great plan for Hainan's development by recruiting specialized technical personnel from various localities. This is very important. Without the participation of a great number of experts and specialized personnel, it is impossible to carry out exploitation and bring a good result.

Wu Duotai attended the CPPCC meeting for the first time. He is 73 years old and was born in Kampuchea. He was graduated from the Guangdong Xiangqin University in civil engineering in 1936 and received the degree of bachelor of engineering. After the end of the war of resistance against Japan he went to Hong Kong, where he has been engaged in industry.

He said: The state has turned Hainan into a special administrative region, and has adopted flexible measures and relaxed various economic policies which are attractive to foreign investors. Referring to his company's plan

in the development of Hainan, he said that his company intended to carry out construction projects, including the following four projects: 1) developing Hainan's tourist trade and jointly establishing the Dadonghai tourist center with Hainan administrative district. The agreement on this project has been signed. Preparations for this project have been speeded up. 2) Purchasing Hainan agricultural products such as fruits, vegetables, and so on, in order to promote Hainan's agricultural production. 3) Building new estates in Hainan for returned overseas Chinese and their relatives. 4) Developing Hainan's education and training all kinds of specialized personnel. He hoped that the government would vigorously develop education in specialized fields. He said: It is not enough to establish on Hainan only one university and it is also necessary to develop education in specialized fields including professional training courses, to train more personnel in specialized fields.

He said: "Wenchang County in Hainan is my native place. To do a good job in the construction of Hainan is the wish of Hainan's people, including myself. I am willing to bring benefit to the people of my hometown and my company is also willing to contribute to the prosperity of Hainan."

Zhu Lianfen [2612 5571 5358], wife of Wu Duotai and managing director of the Xinze International Trading Company Ltd. was also in Beijing. She said her company was also willing to actively make contributions to the development of Hainan. At present, her company has received an order from abroad for 10 million sets of computerized telephones and has imported new production equipment for processing imported materials with the cooperation of electronic plans in Hainan, Shenzhen, Guangzhou and Mexian. Now 10 production assembly lines which have been installed in the factories concerned have been put into operation and good results have been achieved.

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HONG KONG MEDIA ON CHINA

PRC URGED TO STUDY SHENZHEN CURRENCY PLAN

HK180300 Hong Kong SOUTH CHINA MORNING POST in English 18 Jun 83 Business News p 1

[Article by Olivia Sin]

[Excerpt] China has been urged to study the technical implications of a special currency for Shenzhen economic zone.

However, according to an economist, several prerequisites have to be satisfied before the currency can be issued.

A prime factor is for the zone to attain a reasonably high level of "material productivity" to support the currency, said Mr. S.C. Tam, adviser of the Shenzhen office of Takugin International (Asia) Ltd, a Japanese bank.

There will be a demand for the currency if it could exchange for goods and materials produced in the zone, Mr Tam said.

"And the demand will grow when more and more goods become available."

However, the zone's present material productivity is still relatively low, he said.

The special currency issue was raised by a State Councillor, Mr Gu Mu, during his recent tour of the zone.

Mr Gu said the special currency is to facilitate the capital flow of foreign investments as well as currency exchange.

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END